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Russia Said Prospecting for Oil in Disputed Waters

WS2806083295 Tallinn BNS in English
1900 GMT 27 Jun 95

[FBIS Transcribed Text] Kaliningrad, Jun 27, BNS — The Russian gas and oil company "Kaliningradmorneftgas" continues the monitoring and prospecting of the D-6 oil field located in disputed territorial sea waters in the Baltic Sea, company's director Valery Petrakov told BNS.

The Russian oil industries have not yet started the exploitation of the oil deposit but will start as soon as Russian ministries approve a project drawn up three years ago, according to Petrakov. He added that the project was prepared assimilating experience of western oil companies that work in vulnerable natural environments and therefore complies with modern standards and is environment-friendly.

According to Petrakov, the D-6 oil field was explored by a seismic method in 1991. The results of the research indicated a sufficient amount of crude oil suitable for extraction. Specialists estimate that the D-6 deposit contains 10 million tons of crude oil.

Meanwhile, Lithuania has been voicing protests against any actions by the neighboring Russia and Latvia leading to the exploitation of the oil fields in the Baltic Sea until the sea borders are delineated between the states.

Oil fields under the bed of the Baltic Sea have about 65 million tons of crude oil. Most of oil is concentrated in the territory of the Russian Kaliningrad enclave. For example, "Kaliningradmorneftgas" produced 801,000 tons of crude oil last year alone. Three new oil fields were started to be utilized — near Kaliningrad, Polesk and Gvardeisk — within the last two years.

However, prospecting for oil has been totally stopped due to the general economic crisis in Russia, and only half of Kaliningrad's territory has been prospected by now.

ITAR-TASS Carries Press Review for 29 Jun

LD2906110595 Moscow ITAR-TASS in English
0508 GMT 29 Jun 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, June 29 (ITAR-TASS) — Today's newspapers highlight the problem of a parliamentary and government crisis in Russia. "A political crisis in Russia, caused by a non-confidence vote in the government passed by the State Duma is declining," writes the daily "IZVESTIYA". "This time, both branches of power appeared to be more inclined to make a compromise formulated by Boris Yeltsin at a meeting with representatives of all parliamentary factions of the State Duma on June 27," the newspaper said. "The State Duma did not venture to follow the way of the former Parliament," the newspaper added. It accounts for an unexpected "soft" approach shown by the executive power by the fact that neither the president, nor the Prime Minister are interested in the disbandment of the State Duma. At the same time, "it is too early to dot the "i" in this political dispute. One should wait until July 1 and see whether the president keeps his promise to punish the so-called power ministers," the newspaper said.

"ROSSIYSKAYA GAZETA" carries an article entitled "The president suggests a zero option so as not to dissolve the parliament and enable the government continue its work". The article contains an analysis of the relations between the two branches of power which developed at present. "The talks with the parliamentarians held by Yeltsin and Chernomyrdin on Tuesday and which were continued Wednesday have inspired hopes that a parliamentary and government crisis in Russia will be successfully overcome," the newspaper said. "Undoubtedly, the problems which had arisen between the two branches of power have not been fully removed from the agenda, and it is not likely that the developments expected on July 1 will dot the 'i'. However, no one can reprimand the president and the chairman of the Russian government for having failed to take every opportunity to find the least painful way out of the crisis," the newspaper said.

"KOMSOMOLSKAYA PRAVDA" expressed a similar attitude to this problem. In an article entitled "President-Duma to end in a 'zero' draw" the newspaper says that "It looks like the political crisis, which has been battering the structures of the state power for two weeks, is drawing to a close. The sides have agreed to play a give-away next Saturday — the Duma will not pass a no-confidence vote in the government and the Premier will withdraw his request to express confidence in his cabinet. As a result, the score will be zero-zero, although some factions, including the Liberal Democratic Party, the Democratic Party of Russia and the Communist Party, will not be happy about it. But they are not likely to change the climate in the State Duma," the newspaper said.

Vice President Arrives for Commission Session

Chernomyrdin, Gore Quoted

LD2806185695 Moscow INTERFAX in English 1831 GMT 28 Jun 95

[FBIS Transcribed Text] Moscow, June 28 (INTERFAX) — U.S. Vice President Al Gore on Wednesday expressed confidence that the coming sitting of a U.S.-Russian commission set up to promote on economic and technological cooperation between the two countries would be productive.

Taking part in the meeting of what is known as the Gore-Chernomyrdin Commission is the main purpose of the vice president's current four-day official visit to Moscow.

Gore said a docking between the American space shuttle Atlantis and Russia's Mir space station scheduled for Thursday showed the high effectiveness of the commission's work. The planned docking is the result of an agreement made at one of the commission's previous sittings.

Gore said words of praise for Russian Prime Minister Viktor Chernomyrdin, the commission's Russian co-chairman. He said that the more he worked with the Russian premier the more he was amazed by his capacity to make major achievements within a short time.

Chernomyrdin also voiced optimism about the forthcoming meeting. "I'm convinced that in the course of the sitting we'll come up with a good decision," he said.

Chernomyrdin, Gore Meet at Breakfast

LD2906090695 Moscow ITAR-TASS in English 0855 GMT 29 Jun 95

[FBIS Transcribed Text] MOSCOW, June 29 (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin and U.S. Vice President Albert Gore started today's working meeting with a breakfast.

ITAR-TASS was told by Viktor Konnov, a spokesman for the prime minister, that the co-chairmen of the Chernomyrdin-Gore Commission, a major inter-governmental frame for economic and technological cooperation, had a face-to-face talk attended only by interpreters.

The commission's plenary session, which was to start after the breakfast, was postponed for 14:30.

The obvious reason of it is that the Russian Security Council meets in the Kremlin earlier in the day, Konnov said.

ITAR-TASS contacted the U.S. Embassy by the telephone to be said that the American side meets with an understanding the change in the commission's working time-table, and Gore was pursuing his earlier set programme.

A major line in the commission's activities is the expansion of space cooperation

Chernomyrdin and Gore were to have a radio contact, from Moscow's President Hotel, with the crews of the Mir-Atlantis space mission. However, Atlantis is to dock with Mir at 17:30 Moscow time today after several delays of its launching because of bad weather conditions.

This postpones the radio contact for the Friday afternoon.

Chernomyrdin Opens Meeting

LD2906134995 Moscow ITAR-TASS in English 1330 GMT 29 Jun 95

[FBIS Transcribed Text] MOSCOW June 29 (ITAR-TASS) — The U.S. delegation was visiting Russia in a difficult period for its government, Russian Prime Minister Viktor Chernomyrdin said in his opening address to today's meeting of the Chernomyrdin-Gore Commission.

"I hope productive work of the present session will be a word in support of our government in the interior political dialogue," Chernomyrdin said.

The area of issues in the competence of the commission seems to relate to access to markets, he continued.

The practice has shown that the commission's every committee has its considerations on this issue, he said.

Growth of trade and investment between Russia and the U.S. should become the main result of the commission's work, the prime minister said.

U.S. Vice President Al Gore thanked the hosts for arranging the meeting in the period which he described as the most difficult week for the Russian government.

He said the key goal of the meeting was to ensure a favourable climate for trade and investments.

Gore said it was for the first time that many U.S. secretaries were working on issues related to one country, referring to Russia.

The vice-president informed the meeting that another committee would be set up at the present session to handle agricultural issues.

Today's session of the Chernomyrdin-Gore Commission will address potential of trade and investment projects to be implemented, with U.S. assistance.

Scientific and technological cooperation between Russia and the U.S. will be discussed.

U.S. Energy Secretary, Shafranik Meet

LD2806212895 Moscow ITAR-TASS in English 1932 GMT 28 Jun 95

[By Igor Ivantsov]

[FBIS Transcribed Text] MOSCOW, June 28 (ITAR-TASS) — Russian Fuel and Energy Minister Yuriy Shafranik met his U.S. counterpart Hazel O'Leary in Moscow on Wednesday [28 June] to discuss alternative energy sources, energy-saving technologies and the development of oil and gas deposits in Russia's Arctic region.

A joint project launched by Russia and the U.S. is seeking to make energy consumption in Russia more effective, modernise nuclear power plants to increase their safety, to develop a unified energy system by expanding the existing power grids, and to modernise thermal power plants by introducing advanced technologies.

Studies show that Russia could save much more energy by upgrading its power plants. Experts estimate that energy consumption may drop by 29 billion kilowatt-hours by the year 2000 and by 112 billion kilowatt-hours by the year 2010. According to specialists, the cost of the energy-saving projects will be no more than 2.5-3 billion U.S. dollars up to the year 2000.

The total amount of investments Russia will need to implement energy projects within the next five years has been put at 10-30 billion U.S. dollars.

Further on Energy Talks, Uranium Price

LD2806145895 Moscow 2x2 Television in Russian 1300 GMT 28 Jun 95

[FBIS Translated Text] U.S. Vice President Albert Gore arrives in Moscow today to take part in the work of the Russian-U.S. commission for economic and technological cooperation. One of the important problems which the commission has to resolve is the problem of deliveries of Russian uranium to America which may be in doubt. Our correspondent Konstantin Melnikov reports.

[Melnikov] Mrs. O'Leary, U.S. Energy Secretary, has come to Moscow to clarify this issue. She had a meeting with Russia's Atomic Energy Minister, Viktor Mikhaylov. After the meeting some of the U.S. delegation visited an exhibition where the latest system for protecting nuclear installations was demonstrated. During the visit a spokesman of the Atomic Energy Ministry, in an interview for "2x2" news expressed doubts about whether it would be possible to achieve positive results on some of the questions being raised at the talks unless the United States gives up its lowering of the price of Russian uranium.

[Begin unidentified spokesman recording] They unexpectedly took the decision to the lower the price. Naturally, the Russian side objects. [end recording]

[Melnikov] Russia is supplying the American market with processed plutonium removed during the dismantling of Ukrainian missiles. If the deal collapses it is possible that the agreement on dismantling Ukrainian nuclear missiles will also collapse.

[Begin spokesman recording] We shall not be able to fulfill the trilateral agreement between Russia, United States, and Ukraine on the elimination of the nuclear weapons in Ukraine. [end recording]

[Melnikov] The working meeting of the energy ministers took place on the eve of the session of the joint Gore-Chernomyrdin commission. It is expected that official documents will be signed on Thursday.

Glickman Meets Agriculture Minister

LD2806202395 Moscow ITAR-TASS in English 1959 GMT 28 Jun 95

[By Aleksandr Kharchenko]

[FBIS Transcribed Text] TVER, June 28 (ITAR-TASS) — Russian Agriculture Minister Aleksandr Nazarchuk and his American counterpart Dan Glickman took a trip to Russia's Tver region on Wednesday [28 June] to see the results of the two countries' efforts to revive agriculture in Russia.

Glickman is accompanying U.S. Vice-President Al Gore on his trip to Russia to attend the fifth session of the Gore-Chernomyrdin Commission for Economic and Technological Cooperation opening on Thursday.

"The commission has been working for two years, but it did not cover agriculture. On June 29, we will hold the first session (of the committee for agriculture set up within the framework of the Gore-Chernomyrdin commission). We will discuss the areas of joint work. Today, we just want to see the results of our cooperation in the Moscow and Tver regions," Nazarchuk said.

Owing to the Vancouver agreements, the two countries have launched cooperation between the U.S. association of cooperative businesses and the administration of the Tver region under the "Food for Progress" programme.

"For the residents of the Tver region this is the first experience of establishing a favourable climate for foreign investors. The effectiveness of this programme has shown in the considerable expansion of the food market in our region. We have set up a farmer and small business support fund of 4.5 billion roubles," region leader Vladimir Suslov said.

In an interview with ITAR-TASS, Glickman said he arrived in Russia as a member of the Gore-Chernomyrdin commission to help Russian farmers continue their reform.

'Goodwill Gesture' of Uranium Shipment Planned

MM2806175995 Moscow KOMSOMOLSKAYA PRAVDA in Russian 29 Jun 95 p 3

[Report by Aleksey Chukurov: "Will the Uranium Go to Tehran? That May Be What Happens Unless Albert Gore and Viktor Chernomyrdin Can Breathe Life Into a Three-Year-Old Project"]

[FBIS Translated Text] The Russian-U.S. Commission on Economic and Technological Cooperation begins work in the library of the President Hotel in Moscow today. Our side is represented by Russian Prime Minister Viktor Chernomyrdin, and the American side by U.S. Vice President Albert Gore, who arrived yesterday evening. And although they will discuss several questions, the most complex one to resolve may be the "uranium problem" — the future of the delivery of 500 tonnes of weapons-grade uranium from Russia to the United States.

In August 1992 George Bush's administration announced Russia's agreement to sell to the United States uranium from its dismantled nuclear armaments. Our state had contracted to deliver to the United States 500 tonnes of weapons-grade uranium, which would then be reprocessed into less enriched 4-percent uranium. And this nuclear material was to be used at American nuclear power stations. The scope of the deal was colossal: Russia was to receive 12 billion in badly needed foreign currency, and the United States fuel for all 109 of its nuclear power stations for 10 whole years.

Two companies were set up to put the agreement into practice: The "Enrichment Corporation" on the American side, and "Teneks" on the Russian side. From that moment, the difficulties began in the implementation of this ambitious project. Originally, a firm price was set in the agreement for the weapons-grade uranium to be supplied — $82 per standard unit of product. The "Enrichment Corporation" began its work by demanding — admittedly without success — from the federal government additional payments to compensate for the difference between the "market" price ($68) which they got from goodness knows where, and the price stipulated in the agreement ($82). Naturally, the next step in the "Enrichment Corporation's" activity was a proposal to the Russian side to reduce the price to that same figure of $68.

And what about the Russian side? As we were told by a high-ranking leader of the Atomic Energy Ministry, Russia intends to demand Albert Gore's consent to the preliminary payment of $400 million — for the dismantling of nuclear munitions and the extraction of the weapons-grade uranium from them. At the same time the Russian Government does not intend to reduce the price for the exported uranium by a single dollar. Preliminary talks on this problem took place yesterday behind closed doors — they were conducted by Viktor Mikhaylov, head of the Russian nuclear department, and U.S. Energy Secretary Hazel O'Leary.

Meanwhile, our government has decided, in the spirit of the Gorbachev days, to make a "goodwill gesture." We have learned that without waiting for the problems of the "uranium contract" to be resolved, Russia will deliver six tonnes of weapons-trade uranium in the course of this summer. The first consignment — 0.786 tonnes — will be dispatched by sea in the next few days. Will Albert Gore appreciate the Russian statesmen's goodness?

Iran Seen as Issue on Gore-Chernomyrdin Agenda

MM2806142495 Moscow KRASNAYA ZVEZDA in Russian 28 Jun 95 p 3

["Observer's Notes" by Vadim Markushin: "Iranian Emphasis in U.S.-Russian Dialogue"]

[FBIS Translated Text] When talking about the "secondary" issue of Iran at the next session of the U.S.-Russian commission headed by U.S. Vice President Gore and Russian Prime Minister Chernomyrdin (29-30 June), what official sources have been saying can be broadly summarized thus: It will certainly be broached. This despite the fact that it is quite obviously the most sensitive issue in the range of U.S.-Russian problems today and that it cannot be avoided or circumvented. The Americans have essentially made the attitude to Iran a criterion of Moscow's "democratic maturity." They regard it as an indicator of how genuine the present Russian leadership's determination to keep in step with the West really is.

Washington's idee fixe about the need for the most rigorous and comprehensive boycott of the "outlaw state" can clearly be attributed to the Americans' heightened self-awareness of their superpower status in recent years. The sense of outright leadership was reinforced by the victory over Iraq and the not unsuccessful demonstration of U.S. diplomacy's potential in the Near East.

At the same time, Washington would like stable supporters on the flanks in its struggle to ensure an uninterrupted supply of oil from the region where two-thirds of the world's reserves are concentrated. That includes Russia, of course. Both as a country possessing nuclear missile technology and as a power with influence over the independent states of the CIS, which have well-known historical and cultural ties with the Muslim Near East.

The latter consideration has become especially important to American politicians. Because they fear that if state and social structures in the former Soviet republics connive at the Iranian style of radical Islam, the latter could foment unrest among a section of the population and undermine the fragile efforts aimed at reform. As a result the spread of Tehran's ideological influence will tend to increase, and Washington believes that Tehran has been showing clear ambitions to establish spiritual hegemony in the Islamic world.

The Americans are no less concerned about the Iranian leadership's quite specific military efforts to strengthen its positions in the Persian Gulf. The United States is convinced that Iran definitely had ulterior motives when it bought such arms as submarines, strike planes, and antiship missiles recently. Just as it is convinced that all these acquisitions can be used to threaten merchant ships in the Persian Gulf. However, the U.S. analysts' confidence that Iran is seeking to produce nuclear, chemical, and biological weapons is the main motive behind the pressure applied in the negotiating process with the Russians.

The Russians, of course, have their own view and their own considerations on this score. Even though they are bound to be influenced by the U.S. partners' arguments, the fact is that Iran is much closer to Moscow than to Washington. The ambiguity of the Kremlin's stance is self-explanatory. It is asking for weighty arguments and evidence confirming that Iran is making real progress toward the acquisition of mass-destruction weapons. Meanwhile it is prepared to cite alternative opinions which cast doubt on Tehran's desire to acquire its own atomic bomb and on its real potential to achieve that now or in the foreseeable future.

But that is not the only issue here. Perhaps it is not even the main one. Big politics means big business. For Moscow, with its acute dearth of hard-currency revenue, it is very important to compare the long-term and short-term benefit so as to find the golden mean. The Russian side, on the one hand, clearly realizes that reneging on the Iran contract means the loss not only of this contract but of something more than that. On the other hand it understands — let us hope — that defending its original position merely "from principle" to spite the transatlantic rival will not yield great moral or other dividends. Generally speaking Russian politicians are operating according to the rule that, if they do not kowtow but play their own game, they have a chance of achieving the desired result and saving face at the same time.

So the next session of the Gore-Chernomyrdin intergovernmental club begins tomorrow. We know the whole agenda, or at least almost all of it. It includes Russia's relations with NATO, the Bosnia problem, prospects for a settlement in Chechnya, the completion of the sale of uranium from Russia's dismantled missiles, and the Iranian question — these are the proposed items on the agenda. We await its outcome.

PRAVDA: Iran Nuclear Pullout Would Be 'Disgrace'

MM2906092395 Moscow PRAVDA in Russian 29 Jun 95 p 3

[Article by Boris Konovalov: "Two-Faced Atom. Fight for the Iranian AES" — first paragraph is introduction]

[FBIS Translated Text] Tehran-Bushehr-Moscow — Sessions of the Russian-U.S. Gore-Chernomyrdin commission are being held in Moscow right now, discussing inter alia the question of the contract that Russia has concluded to complete the Iranian nuclear power station. Today we publish a report by a journalist who has visited the power station that has caused such unprecedented pressure on Russia.

The view of the Bushehr nuclear power station around which passions are now seething very much depends on where you are looking at the problem from — Russia, the United States, or Iran itself.

Washington thinks that the construction of the power station is just a "smokescreen" and that the ultimate objective is to develop an Iranian atomic bomb. That is why Russia is coming under unprecedented pressure.

Moscow claims that the contract, which has the force of a legal document, was signed by the "Zarubezhatomenergostroy" All-Russia Production Association just to complete the nuclear power station. Everything else is just a matter of protocols of intent within the framework of an overall agreement with Iran on cooperation in the peaceful use of nuclear power. And international agreements make provision for this kind of cooperation.

But everyone knows that. It is far more interesting to look at the problem from the Iranian viewpoint, and I was glad to be given an opportunity to come to Iran myself.

Let us start with the widely publicized claims that, by concluding the contract to complete one unit at the Bushehr nuclear power station, Russia is providing Iran with nuclear technologies. But this is what Reza Amrollahi, vice president of the Islamic Republic of Iran, who kindly agreed to give me an interview in Tehran, said:

"In the 20 years between 1975 and 1995 the West intended to build 23 nuclear power station units in Iran. Many people at the time thought that this was a lot for Iran. But the high price of oil following the closure of the Suez Canal argued in favor of nuclear energy. We realized that nuclear power stations should take their place in the country's power system alongside thermal power stations, wind power, and solar energy. France and Germany had already begun building nuclear power stations for us. The work in Bushehr was the most successful, but it came to a halt after the shah's regime was overthrown. We have now asked Russia for assistance in completing the Bushehr nuclear power station. That is our legal right. Iran is a member of the IAEA [International Atomic Energy Agency] and has signed the agreement on nuclear arms nonproliferation. So we are entitled to develop our nuclear program like any other country."

Reza Amrollahi is not only the country's vice president but also president of the Iranian Atomic Energy Organization [IAEO]. Outside the office where we were talking loomed the dome-shaped building of the Iranian nuclear center's research reactor, which was built by the Americans and has been in operation for 23 years now. The head of Iran's nuclear program studied at the University of Texas, while IAEO Vice President M. Karbasforushan [name as transliterated] and Bushehr nuclear power station chief A. Manem [name as transliterated] both studied in Germany. No matter which Iranian nuclear specialist I met, they all turned out to have been trained in the West. Hundreds of Iranian students are studying there even now. Tehran has long trained nuclear specialists itself, and the academic council confers doctorates of science in nuclear physics. Right now Russia is not training a single nuclear specialist for Iran.

Nonetheless, when I asked Amrollahi whether Iran would be able to complete the Bushehr nuclear power station on its own if Russia suddenly gave in to U.S. pressure and abandoned the contract, his reaction was instantaneous and extremely brusque.

"That will be a disgrace for Russia," the Iranian vice president said.

That is not only his personal opinion but the view of the country with its population of over 60 million.

In effect it is now a question of whether we should be in Iran at all if we cannot show ourselves independent. After all, Russia and Iran had strong trading links way back before Bill Clinton had even been born. Before the revolution Russia had large concessions in Iran, it built the railroad and industrial installations, and it had a lot of property here. There has been no break in the two neighboring countries' peaceful cooperation. Now too we are expanding two thermal power stations in Iran and building other industrial installations, border trade is developing, and the question is arising of organizing a ferry route between the Iranian port of Bandar-e-Anzal and Astrakhan.

At the same time Iran recently signed a long-term contract with the PRC worth $2 billion for the construction of subways in Iranian cities, among other things. How Russian subway builders, who are receiving no money from the state to complete new lines, would have liked that contract. But regrettably....

The Chinese were asked to build a nuclear power station in Iran. In order to gain a foothold in the Iranian market the PRC is giving Iran loans. If we pull out, others will come along.

"Cooperation with Iran is very important economically and politically for us," Sergey Tretyakov, Russian ambassador in Iran, said. "It is a huge country with a wealth of natural resources — one of the leaders of the Muslim world with which we must establish lasting good-neighborly relations. Whereas the West is only interested in our raw material resources, in this world we can sell our high technologies and maintain our scientific and technical potential."

In the opinion of Valentin Rumyantsev, Russia's trade representative in Iran, if today's acute problems of mutual settlements are resolved, commodity turnover between our countries could reach a steady annual figure of $1.5 billion. The game is worth the candle, so to speak.

But now the Americans have planted a "mine" under all this highly promising cooperation in the shape of rumors that Iran may be developing an atomic bomb. No specialist seriously believes that the material for it can be obtained from spent nuclear power station fuel. This is such complex technology that Iran would have to spend astronomic amounts over decades. There is a second way — enriching natural uranium. But that is very tricky and costly. We have spent decades developing effective technology. Iran has to start from scratch or get the material for nuclear weapons illegally from somewhere.

Needless to say, this possibility cannot be discounted, especially since Israel and Pakistan seem already to have nuclear weapons and unlike Iran do not admit IAEA experts to their nuclear installations. But that is a problem for the members of the world's "nuclear club." They must not allow the illegal sale of plutonium or weapons-grade uranium.

Right now everyone at the Bushehr nuclear power station, over which political passions are continuing to rage, is tackling what is a purely peaceful business — the problem of completing the nuclear power station.

"During the seventies Iran invested 5.6 billion German marks in the construction and procurement of equipment for the Bushehr nuclear power station," I was told by station chief A. Manem. "If you take inflation into account this sum is much more impressive, and we do of course have an interest in making the fullest possible use of the groundwork we have done in the past."

When construction of the nuclear power station began the West was not at all worried by the problem of giving Iran nuclear technology. A West German organization which is now part of the famous Siemens firm began designing the Bushehr nuclear power station in 1973. And what a nuclear power station! In a country with no nuclear power it was planned to build two units at once, each with an enormous 1,200-megawatt capacity. Even now Russia's most powerful units only have a capacity of 1,000 megawatts. The Germans intended building four of these megapowerful units in Bushehr, but they pulled out after the shah's regime was overthrown.

Bushehr is a port on the shore of the Persian Gulf. Kharg Island is nearby, where the oil pipelines meet the sea terminals. That is why during the Iran-Iraq war this area was bombed and came under rocket attack. A few shells hit both buildings of the two unfinished Bushehr nuclear power station units. What is more, corrosion may also have done its destructive work over the past 20 years.

Since September 1994 Russian specialists have been inspecting the station and its equipment. It is a difficult problem — it is after all effectively necessary to modify the outdated seventies design and redesign the buildings for a Russian water-moderated water-cooled reactor with a capacity of 1,000 megawatts. It is a standard, state-of-the-art reactor like the ones installed at the Balakovo nuclear power station, for instance. They take account of all contemporary safety and reliability standards.

"Right now the most serious problem for us," Igor Magala, leader of the group of Russian specialists working in Bushehr, told me, "is the lack of complete documentation on the German nuclear power station project. Without it we cannot decide which of the current equipment is suitable and which is not. The commercial cost of the contract depends on that."

Thus the contract ratified by Russian Atomic Energy Minister V.N. Mikhaylov has not yet come into force for technical and political reasons. The technical difficulties can be overcome. But the political factors have to be resolved by the Gore-Chernomyrdin Russian-U.S. commission in Moscow. Russia has to show that in this case it is not being recalcitrant but is simply upholding its long-term interests.

Army Daily Contrasts U.S. Relations, China Ties

MM2906093695 Moscow KRASNAYA ZVEZDA in Russian 29 Jun 95 p 3

[Article by KRASNAYA ZVEZDA political observer Aleksandr Golts: "Beijing Displays Reliability. Unlike Washington."]

[FBIS Translated Text] As it happens, U.S. Vice President Albert Gore arrived in Moscow to take part in the work of the Russian-U.S. joint commission literally right after the end of PRC State Council Premier Li Peng's talks in our capital. The comparison between Russia's relations with these two countries and the prospects for the development of our ties suggests itself.

It is quite obvious that Li Peng's visit was evidence of the expansion and development of these relations. And the matter is not confined to the large-scale projects that were discussed at his talks with Boris Yeltsin and Viktor Chernomyrdin. Although it is links in the economic sphere that create a reliable basis for the two countries' partnership. Let us not forget that it is China that is today the main buyer of Russian industrial output — from machine tools to arms systems.

The accords on Russian participation in the construction of a nuclear power station in Liaoning province and the "Three Gorges" hydroelectric power station and the joint exploitation of natural gas deposits in Siberia were the logical development of these ties.

In this context it is also easier to resolve the problems that exist. First and foremost the border problem. The joint communique reaffirms commitment to the 1991 agreement on the eastern sector of the border. Here emphasis is placed on the intention not only to complete demarcation work, but to embark on talks on a framework agreement on joint economic exploitation of sectors of Russian and Chinese territory that are to go over to the other side on the basis of the results of demarcation. If such an agreement is drawn up, it should put an end to misgivings about the possible economic harm to border territories as a result of the demarcation.

All the same, it is the partners' clearly expressed mutual support for each other's foreign and domestic policy and the rather sharp rejection of all forms of pressure that seem to be the most important points. "Every country's people," the communiqe stresses, "have the right to choose a social system and a path and model of development on the basis of their own specific conditions, without interference by other states." Here the Chinese side deemed it necessary to express complete understanding of Russia's actions to preserve the country's unity and maintain sociopolitical stability.

The Russian and Chinese premiers expressed themselves even more clearly at the joint press conference, indicating that our countries do not need any sermons and will decide for themselves how they should live. Many observers linked this to the emerging cooling in the mutual relations of both China and Russia with the United States. But merely noting this is not enough. It is necessary to try to understand the real reason for this coolness.

And that reason, in my view, lies in the fact that domestic political clashes in the United States affect U.S. foreign policy too blatantly and too destructively. And the present state of Russian-U.S. relations is an illustration of this. Judging from the very meager official commentaries, Albert Gore came to Moscow with a bulging portfolio of complaints against Russia and a long list of projects whose implementation is under threat. Let me remind you that recently the Congress House of Representatives, on the pretext that Russia is developing bacteriological weapons, refused financial support to Russia, Ukraine, Belarus, and Kazakhstan in the implementation of the START I Treaty.

Apparently funds for the construction of housing for servicemen withdrawn from the Baltic countries are also frozen. Other projects in the disarmament sphere are under threat too. Official spokesmen for the administration cite the Republican-controlled Congress, and express the hope that it will be possible to revive the programs in the course of work by the Conference Committee of Congress. Frankly, it is a slim hope.

But it is not only a question of Congress. A corporation that is entirely under the control of the U.S. government is basically derailing the agreement on the sale of uranium to the United States by Russia. Citing anti-dumping legislation, it intends to pay a large part of the 12 billion...a few years after the deliveries are completed. Apparently Gore is going to bring along a compromise option.

But why, after all, should the relationship between the White House and the Capitol and the anti-dumping chicanery have anything to do with Moscow? It is a question of a partner's ability to fulfill agreements that were reached earlier.

Maybe we should learn from China the ability to defend our own interests in relations with Washington firmly and without avoiding the difficult points. True, there is a very important difference. China, first, possesses significant levers for influencing the American economy, and, second, it displays an enviable domestic political stability. Russia, unfortunately, can boast neither of these things. But Moscow could certainly look differently at many spheres of cooperation with the United States in the security sphere. Which would, I think, be a very sensitive matter for Washington.

'Text' of Communique on Li Peng Visit Published

MM2906102395 Moscow ROSSIYSKAYA GAZETA in Russian 29 Jun 95 First Edition p 6

["Visit Crowned By Complete Success. Russo-Chinese Joint Communique." — ROSSIYSKAYA GAZETA headline]

[FBIS Translated Text] Li Peng, premier of the PRC State Council, paid an official visit to the Russian Federation 25-28 June 1995 at the invitation of the Russian Federation Government.

Li Peng, premier of the PRC State Council, had a conversation with Russian Federation President B.N. Yeltsin, and talks were held between V.S. Chernomyrdin, chairman of the Russian Federation Government, and Li Peng, premier of the PRC State Council. The Chinese leader had talks with I.P. Rybkin, chairman of the Russian State Duma. The talks and meetings were held in a friendly and constructive atmosphere and in a spirit of mutual respect and trust. An extensive and in-depth exchange of opinions was held on questions of Russo-Chinese relations and international problems of mutual interest. The visit was crowned with complete success.

During the visit the sides signed a "Treaty Between the Russian Federation and the PRC on the Extradition of Persons Who Have Committed Criminal Acts," an "Agreement Between the Russian Federation and PRC Governments on the Joint Construction of a Bridge Over the Amur River (Heilongjiang) in the Region of the Cities of Blagoveshchensk and Heihe," an "Agreement Between the Russian Federation Government and the PRC Government on the Joint Protection of Forests From Fires," an "Agreement Between the Russian Federation Government and the PRC Government on Joint

Recognition for Documents on Education and Degrees," a "Convention Between the Russian Federation Government and the PRC Government on Quarantine and Plant Protection," an "Agreement Between the Russian Federation Government and the PRC Government on Cooperation in the Sphere of Information Technology," and an "Agreement on the Establishment and Development of Cooperation Between the Russian Federation Committee for Machine Building and the PRC Ministry of the Machinery Industry."

The sides made a high assessment of the active and mutually advantageous cooperation between the two countries in various spheres in accordance with the principles laid down in the two Russo-Chinese declarations and in a spirit of constructive partnership geared to the 21st century. The sides are firmly convinced that this development of Russo-Chinese relations not only corresponds to the fundamental interests of the two countries and peoples, it is also an important factor in strengthening stability and cooperation in the Asia-Pacific region and worldwide.

Pride of place at the talks went to questions of Russo-Chinese cooperation in the trade, economic, and scientific and technical spheres. Making a positive assessment of the successes achieved in these spheres, the sides voiced the intention to steadily enhance the effectiveness of the utilization of the immense potential afforded by business ties between the two countries and to step up efforts to switch to a qualitatively new stage of cooperation which fully accords with both the partnership nature of Russo-Chinese relations and with the two states' economic potential. Both sides were of the opinion that a priority task at the moment is the more active implementation of modern forms of bilateral cooperation, improving transaction and payment relations, and upgrading the business cooperation infrastructure. The sides intend to encourage bilateral investment cooperation on the basis of the 1990 Intergovernmental Agreement on the Mutual Encouragement and Protection of Investment. The need for the speediest development of a new model of border cooperation geared to long-term partnership and taking account of the reform transformations in both countries and international standards was stressed.

Measures to deepen cooperation on specific projects in both the production and scientific and technical spheres — including power engineering, machine building, the aerospace industry, agriculture, transportation, and the development and introduction of new and high technologies — were approved. The sides agreed to continue active talks and cooperation on issues relating to the construction of AES's [nuclear electric power stations]. Questions of military-technical cooperation were discussed, and the main avenues were defined for its further development on a mutually advantageous basis, and taking account of both countries' international obligations.

In connection with an appeal from the Russian side the Chinese side agreed to defer redemption of the state commodity loans granted by China to the former USSR in 1990 and 1991. Specific issues relating to this will be entrusted to the sides' relevant departments to carry out separate consultations. The sides also agreed on ways to settle other questions of credit relations between Russia and China.

The sides' unanimous understanding of the need to regulate the situation regarding reciprocal trips by citizens and labor migration, and of the importance of closer cooperation between the two countries' law-enforcement organs to these ends, was noted with satisfaction. Steps will be taken to further expand the network of Russian and Chinese consular institutions in China and Russia.

The chairman of the Russian Government and the premier of the PRC State Council exchanged information about the domestic situation in the two countries. The Russian side reaffirmed its unswerving position on the Taiwan question as set out in the 1992 Joint Declaration on the Foundations of Mutual Relations. The Chinese side expressed complete understanding for the Russian side's actions to maintain the unity of the country and its sociopolitical stability.

The sides reaffirmed their joint adherence to the letter and spirit of the 1991 Agreement on the Eastern Sector of the Russo-Chinese Border. They stressed their intention to complete demarcation work on schedule and to embark on talks in the very near future on a framework agreement on the joint economic utilization of the stretches of Russian and Chinese territory to be handed over to the other side on the basis of the results of the demarcation. The sides express readiness to strengthen the atmosphere of peace, good-neighborliness, and cooperation on the border, and will make efforts to do so.

The sides will strive for further progress at the talks on mutual reductions in armed forces and confidence-building measures in the military sphere in the border area. It was deemed expedient, while continuing the talks, to draw up an agreement on confidence-building measures in the border area as a self-contained military-political document.

The exchange of views on international problems revealed the coincidence or proximity of the two countries' positions on the basic issues of the world situation.

The sides advocated intensified consultations and dialogue on topical problems of the day, and the strengthening of multifaceted constructive cooperation and mutual support between Russia and China in regional and global affairs, seeing this as an important factor for stability and security in Asia and for an overall improvement in the world situation.

The exchange of views on the situation in the Asia-Pacific region reaffirmed the mutual readiness to assist each other in multilateral economic cooperation. The Chinese side expressed support for the Russian side's application to join the Asia-Pacific Economic Cooperation forum.

In connection with the 50th anniversary of the end of World War II the sides stressed the need to draw historic lessons from the fight against fascism and militarism.

The sides believe that mutual respect and equal rights in relations are some of the most important principles for maintaining and developing normal and healthy interstate relations. Each country's people is entitled to choose its social structure and its development paths and models on the basis of its own specific conditions without any interference by other states.

The sides expressed complete satisfaction with the results of the talks, confirming their readiness to continue their intensive and constructive dialogue at high level and top level on a regular basis. In this respect the particular importance of the Russian Federation president's upcoming visit to China was noted.

The PRC State Council premier expressed profound gratitude for his warm welcome and for the hospitality shown to him and his entourage in Russia.

Li Peng, premier of the PRC State Council, invited the chairman of the Russian Federation Government to pay an official visit to China. The invitation was accepted with gratitude. The time of the visit will be agreed through diplomatic channels.

[Signed] Viktor Chernomyrdin, chairman of the Russian Federation Government Moscow

Li Peng, premier of the PRC State Council

Further on Visit by Moldovan President Snegur

Snegur Comments on Dniester Issue

LD2806174495 Moscow INTERFAX in English
1454 GMT 28 Jun 95

[FBIS Transcribed Text] MOSCOW, June 28 (INTERFAX) — The Russian and Moldovan presidents Boris Yeltsin and Mircea Snegur met in the Kremlin today and "confirmed the positions of the two countries on the stay of the limited contingent of Russian troops in the Trans-Dniester Region," Snegur said after the meeting.

He said that "concrete problems concerning the stay of Russian troops on Moldovan territory will be discussed a little later."

Snegur said Moldova had put forward new initiatives which would contribute to compromising on political settlement of the crisis in the Transdniester Region. However, he declined to elaborate on the issue, saying that experts had yet to work on the initiatives.

Snegur also said that the two presidents had understood each other as far as the definition of the "special status" of the Trans-Dniester Region is concerned.

Snegur said Russia and Moldova "possess a significant potential" for broadening trade and economic cooperation.

Presidents Agree on 14th Army Pullout

AU2806183695 Chisinau INFOTAG in English
1731 GMT 28 Jun 95

[FBIS Transcribed Text] Moscow INFOTAG, 28/6/1995 — Moldovan President Mircea Snegur and his Russian counterpart, Boris Yeltsin, held a working meeting here today.

The sides have stated with satisfaction that recent years had been marked by concrete steps to consolidate the Moldovan-Russian relations. A legal framework for the two countries' cooperation is being elaborated, trade and economic ties are gaining momentum, and humanitarian contacts are developing.

Both presidents emphasized the importance of soonest-possible settlement of the Dniester conflict, of speeding up the negotiation process, which is supposed to result in the adoption of a special legal status for the Dniester region — with due observance of Moldova's territorial integrity and independence. They pointed out a special role played by the Russian President's Special Envoy and the OSCE [Organization on Security and Cooperation in Europe] Permanent Mission in the status negotiation process.

The presidents agreed that the [14th] Army Withdrawal Agreement should serve the basis for solving the problem of the Russian contingent withdrawal from the Moldovan territory. This agreement provides for a possibility to begin a phased removal of both armaments and personnel.

Mircea Snegur and Boris Yeltsin spoke for developing economic cooperation between the two nations, and agreed to organize another Moldovan-Russian summit by end-1995 to discuss a broad spectrum of issues.

On Wednesday afternoon [28 June] Mircea Snegur made a speech at the Moscow International Press Center.

Snegur Urges OSCE To Expand Mission

LD2806174895 Moscow INTERFAX in English 1454 GMT 28 Jun 95

[FBIS Transcribed Text] MOSCOW, June 28 (INTERFAX) — There will be no Russian bases on Moldovan territory, Moldovan President Mircea Snegur told a press conference on the results of his meeting with Russian President Boris Yeltsin in Moscow today.

Snegur said the two presidents had decided to leave the issue off the agenda because the "existence of foreign military bases is not in line with the Moldovan Constitution."

Earlier, it was reported that the parties did not rule out the possibility of Russian military bases on Moldovan territory.

Snegur said the two presidents had agreed on withdrawal of Russian troops from Moldova being carried out stage-by-stage over three years.

He said that talks on the terms for troop withdrawal had already begun and the most difficult problem was to withdraw armaments and military equipment. Snegur said Moldova has allowed that some of the Russian armaments could be destroyed on Moldovan territory in conformity with environmental standards.

Snegur said that since Russia has been acting as a mediator for resolving the conflict between Chisinau and Tiraspol, he had never felt any pressure from Russia or President Yeltsin himself. Snegur said he hoped that Russia and the OSCE [Organization for Security and Cooperation in Europe] would increase their mediatory activities for resolving this conflict.

Snegur told an INTERFAX correspondent after the press conference that the OSCE "must enlarge the powers of its mission of observers for the troop withdrawal from Moldova."

Accords With Moldova Allow Sides To Save Face

MM2906085295 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 29 Jun 95 p 6

[Article by Mikhail Shchipanov: "Face Saved"]

[FBIS Translated Text] From the very beginning there was no way that yesterday's meeting between the presidents of Russia and Moldova could be ranked as a routine protocol event. First, for a long time relations between the two sovereign states have not been cloudless: The Moldovan leaders have been unsparing in their diverse criticism of Russia, also preferring to reserve themselves a dissenting opinion in a Commonwealth context. Second, Russia has been and remains the third party in the protracted conflict between Chisinau and Tiraspol, in whose relations a fragile "cold peace" has become established following "hot clashes." Thus, a fundamental improvement in bilateral relations required the solution of a whole package of accumulated problems and contradictions.

Naturally, yesterday's meeting was preceded by high-power "military preparation": Again seizing the initiative from the Russian Foreign Ministry, Defense Ministry Pavel Grachev made a dash to the south, conducting high-speed consultations with the entire Moldovan political establishment. It is by no means a coincidence that we have mentioned the defense minister's diplomatic activity here. It was precisely through Grachev's endeavors, after all, that Moldovan Defense Minister Pavel Creanga set foot for the first time on the territory of the unrecognized Dniester Moldovan Republic, communicating in an informal atmosphere not only with his Russian colleagues but also with local Dniester region figures. Thus in a certain sense the Moldovan minister's steps on Dniester Moldovan Republic territory were also steps along the path of mutual rapprochement and have been assessed as a good sign. In fact, however, to judge by strictly unofficial information, considerable progress was also detected in the Dniester region's relations with Chisinau, since both sides are gradually coming to a historical compromise: The Dniester Moldovan Republic will remain part of Moldova with the status of an autonomous entity. And this formula will enable all the parties to emerge from the conflict without losing face, so to speak.

Also taking account of the fact that the complete withdrawal of the remnants of the former Russian 14th Army from the Dniester region has long been linked to a resolution of the local conflict, it can be said that a definitive solution to the entire package of local problems is getting closer. The entire knot could be unraveled at once.

But Moscow will have a much greater interest in the prospects for military cooperation with Moldova, which could also be fundamental for Russia. It is clear that as yet all the talk about Moldova's rapprochement with NATO is going to remain only talk, but in a state of strategic uncertainty Moldova might play on the well-known contradictions between Russian and the North Atlantic Treaty to the extent that suits it.

For this reason Russian would naturally like to see clarity on this ticklish question. Agreements have already been reached on training Moldovan military cadres at Russian academies since of all possible military training establishments Moldova has only one military lycee.

But Moscow would unconditionally like to formalize military partnership ties to a much greater extent by siting a military base of its own on Moldovan territory — evidently in the same Dniester region — and signing a corresponding agreement.

The stumbling block, however, is that, under the Moldovan Constitution which has been in force since 27 August this year, the creation of foreign military bases on Moldovan territory is forbidden, and thus the conclusion of such an agreement with Russia would require amendments to the country's fundamental law. But nothing is impossible in big-league politics, and even amending the constitution is a pure technicality for which there are numerous fertile precedents.

On the whole the meeting between B. Yeltsin and M. Snegur took place, as a Russian Presidential Press Service report noted, in an atmosphere of friendship, frankness, and mutual understanding. The sides stressed the importance of preserving Moldova's territorial integrity while defining the special status of the Dniester region and advocated the speediest entry into force of the agreement "On the Legal Status and Procedure for the Withdrawal of the Russian Federation Military Formations Temporarily Stationed on the Territory of the Republic of Moldova." The presidents also agreed on another meeting, which will make it possible to deliver a whole number of new accords.

Ministry: Qatar Regime Change 'Domestic Affair'

LD2806161395 Moscow INTERFAX in English 1417 GMT 28 Jun 95

[FBIS Transcribed Text] Moscow, June 28 (INTERFAX) — Russia considers the changes which took place in Doha as "an exclusively domestic affair" of Qatar. The Qatari charge d'affaires was informed of this, Russian Foreign Ministry spokesman Grigoriy Karasin told INTERFAX today.

He said the Qatari charge d'affaires had informed the Russian Foreign Ministry of the decision of the ruling family of Al Thani on dismissing Emir of Qatar Shaykh Khalifah Bin-Hamad and appointing his son, Defense Minister, Prince Hamad Bin-Khalifah Al Thani as the ruling Emir.

"The Qatari Embassy has notified the Russian Foreign Ministry that the policy of the new Qatari leadership will remain unchanged. The new Qatari leaders will carry out all international treaties concluded with third countries and hope that Russia and Qatar will continue to develop their friendly relations," Karasin said.

He said the Qatari charge d'affaires had been told that only the Qatari themselves had the right to choose their leaders.

"The Russian Foreign Ministry said it is confident that the Qatari government will continue its policy aimed at strengthening peace and stability in the Persian Gulf region and peace settlement in the Middle East and will continue to use constructive approaches to international problems," Karasin said.

Political Issues

Yeltsin, 'Power Ministers' Discuss Budennovsk

LD2806144595 Moscow ITAR-TASS in English 1404 GMT 28 Jun 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, June 28 (ITAR-TASS) — Russian President Boris Yeltsin on Wednesday met one after another all his "power ministers", presidential spokesman Sergey Medvedev told ITAR-TASS.

According to Medvedev, Defence Minister Pavel Grachev, Interior Minister Viktor Yerin, Federal Security Service Director Sergey Stepashin and commander of Russian border guards Andrey Nikolayev had been invited to President's office one by one.

Medvedev said that all four meetings focused at the results of the investigation conducted by the Secretary of the Security Council, Oleg Lobov, in the town of Budennovsk which had been recently attacked by Chechen terrorists.

The Budennovsk attack will be the only question on the agenda of a meeting of the Security Council scheduled for Thursday.

Security Council Meeting Held on Budennovsk

Yeltsin Opens Meeting

LD2906081195 Moscow ITAR-TASS World Service in Russian 0735 GMT 29 Jun 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 29 Jun (ITAR-TASS) — "Today we have to identify those guilty of the Budennovsk events," Russian President Boris Yeltsin said opening the sitting of the Russian Security Council in the Kremlin today.

According to the head of the Russian state, the sitting is examining one issue only — responsibility for the events in Budennovsk. The results of the investigation, which was carried out by a commission headed by Security Council secretary Oleg Lobov, into circumstances of the tragedy will be studied.

The Russian president stressed that today's sitting is also to discuss the issue of what needs to be done to prevent events similar to those in Budennovsk from happening again. According to the head of state, a proposal has been made, inter alia, to set up a special anti-terrorism center, which would include representatives of all the relevant departments.

Yeltsin Calls For Antiterrorism Center

LD2906085895 Moscow ITAR-TASS World Service in Russian 0805 GMT 29 Jun 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 29 Jun (ITAR-TASS) — "Today we must identify those who are guilty of the events in Budennovsk," Russian President Boris Yeltsin declared as he opened the sitting of the Security Council in the Kremlin. According to the head of the Russian state, only one issue was being considered at the sitting — responsibility for the events in Budennovsk. The results of the investigation into the circumstances of the Budennovsk tragedy, carried out by a commission headed by Security Council Secretary Oleg Lobov, will be studied.

The Russian president announced that today's sitting would also discuss the question of what had to be done to make sure that events like those at Budennovsk were not repeated.

"The lessons and conclusions from the tragedy at Budennovsk must be tough," Boris Yeltsin stressed. "But the main thing is to urgently modify the measures taken to prevent and halt terrorism, and to improve decisively the work of the special services and the 'power' departments, which are performing assignments in Chechnya and in Russia as a whole. It is necessary to carry out a reorganization and to organize a special antiterrorism center to be staffed by people from the Defense Ministry, the Interior Ministry, the Federal Security Service and other competent departments."

"The meeting between the government delegation at the Groznyy talks with Dzhokhar Dudayev's representatives confirmed the correctness of the political steps that have been taken" to settle the conflict in Chechnya, the Russian head of state said. He went on: "However, it should be borne in mind that in dealing with the issue of halting the bloodshed in Chechnya, we have not yet worked out guarantees of the rights of the Russian-speaking population living on the territory of the Chechen Republic, of their involvement on equal terms in the local authorities. At the moment, the interim authorities of the Chechen Republic do not reflect the ethnic composition of the republic, and this creates the potential for future conflicts." The president said, among other things, that Cossack public organizations were raising the issue of Naurskiy and Shelkovskiy regions seceding from the Chechen Republic and joining Stavropol Kray. The process of political settlement of the Chechen crisis must be continually adjusted to take account of the situation within Chechnya, where Dudayev's men continue to attack the federal troops' checkpoints by night and kill our soldiers, the president said.

Yeltsin Admits Making Concessions

LD2906092295 Moscow ITAR-TASS in English 0859 GMT 29 Jun 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, June 29 (ITAR-TASS) — President Boris Yeltsin admitted Thursday that Moscow was forced to cede to the demands of Chechen terrorists during their seizure of over a thousand of hostages in the town of Budennovsk and accused the law enforcement agencies of poor work.

"The Russians and the whole world saw the low capability of our special services to fulfil the tasks entrusted to them", Yeltsin told a Security Council meeting.

"A dangerous precedent contradicting international practice was created — in order to save human lives we had to accept the terms of terrorists and we are already beginning to feel the consequences of that step", the President said and cited as an example the threats of terrorist leader Shamil Basayev that he would launch new terrorist acts if the peace talks in Groznyy fail.

"A number of field commanders inspired by Basayev's action refuse to participate in the peaceful political process which began under the OSCE [Organization for Security and Cooperation in Europe] auspices in Groznyy", Yeltsin added.

Russian Prime minister Viktor Chernomyrdin held telephone talks with terrorist leader Shamil Basayev and accepted his demands of a ceasefire in Chechnya, of immediate peace talks and a safe passage of the terrorists back to Chechnya.

As a result all the hostages were freed.

Yeltsin backed the resumption of peace talks in Chechnya. "The meeting of the government delegation in Groznyy with representatives of (Chechen separatist leader) Dzhokhar Dudayev confirmed the correctness of undertaken political steps", he said.

However, the President warned that "one should bear in mind that, while solving the issue of an end to the bloodshed in Chechnya, we have not yet worked out the guarantees for the rights of the Russian-speaking population living on the territory of the Chechen republic, of their equal participation in the bodies of authority. The present interim bodies of power do not reflect (Chechnya's) ethnic composition which is a precondition for future conflicts", Yeltsin said.

The President recalled that Cossacks had raised the issue of separating the Russian-populated northern Naur and Schelkovo regions from Chechnya and handing them over to the Stavropol region of Russia.

The process of political settlement should be "constantly adjusted with consideration of the situation on the territory of Chechnya where Dudayev militants continue to attack federal troops at night and kill our soldiers".

Yeltsin also admitted that the Budennovsk tragedy had its negative impact on the situation in the North Caucasus in general. "A serious aggravation of relations between Cossacks and Chechens can be observed, tensions mount in Ingushetia and Dagestan", he said.

"We must see the unsolved problem of the Ossetian-Ingushi crisis of 1992 behind the acute and tragic developments in Budennovsk", Yeltsin added.

Thus, he stressed, the Budennovsk tragedy is to be discussed "in a broad context".

Ministers Reportedly Asked To Resign

LD2906104095 Moscow ITAR-TASS World Service in Russian 1025 GMT 29 Jun 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 29 Jun (ITAR-TASS) — A number of leaders of the "power" ministries have been asked to resign during today's sitting of the Russian Federation Security Council, an ITAR-TASS correspondent has learned from well-informed sources in the Kremlin.

The Security Council sitting was devoted to discussion of the circumstances of the Budennovsk act of terrorism.

"I am taking my pension", Sergey Stepashin, head of Russia's Federal Security Service, told the ITAR-TASS correspondent after the sitting ended.

Members of the Security Council left the sitting with gloomy and tired faces and refused to answer journalists' questions. Neither President Boris Yeltsin, who chaired the sitting, nor Prime Minister Viktor Chernomyrdin let a word slip about the outcome of the session at a Kremlin ceremony for the signing of a treaty between Russia and the Republic of Sakha (Yakutiya), which followed the sitting.

Chernomyrdin Alleged To Have Ordered Storming

MM2906100695 Moscow PRAVDA in Russian 29 Jun 95 p [illegible]

[Report by Viktor Trushkov: "Between the Star and the Prize/Bonus. Did V. Chernomyrdin Give the Order to Storm the Hospital in Budennovsk?"]

[FBIS Translated Text] The Moscow political show was acted out without a hitch. The part of the heroic peacemaker was played with assurance by V. Chernomyrdin, his government played the part of the happy crowd. Because there were no volunteers for the part of the villains in this show the premier decided to appoint some people to play those parts himself. That is why the premier, bedecked with the peacemaker's glowing halo, promised to track down the ne'er-do-well who gave the order to storm the hospital captured by terrorists. The audience settled down to wait for the climax. Two days ago it came.

Addressing a press conference Tuesday, First Deputy Interior Minister M. Yegorov announced even before journalists had been able to ask questions that the order to storm the hospital captured by Sh. Basayev's gunmen had been given by V. Chernomyrdin, the chairman of the government, V. Yerin, the internal affairs minister, and by [Colonel General] Mikhail Yegorov himself.

It turns out that before rescuing the hostages taken by S. Basayev the peacemaker-premier had ordered that they be...attacked. At least 10 civilians fell victim to this order which had been given, naturally, after the president had made the corresponding political decision. Obviously the colonel general's admission will not go unnoticed by deputies when it comes to the vote of confidence in the government.

But the sensations did not end in the hall where the MVD [Ministry of Internal Affairs] staffers were giving their press conference. This unpleasant news for V. Chernomyrdin had barely reached him than journalists, like terrorists, began bombarding the premier with questions.

"Were you one of the three people who gave the order to storm the hospital in Budennovsk"?

"You know, I.... I am already looking into it now, the showdowns are starting. Well yes, this is in our, so to speak... This is what distinguishes us from everyone. No sooner does something happen than it has to be investigated, and we will do that now. And tomorrow we will begin handing out awards. That is the Russian three-step. That is how things go together in our country. You know that I am the chairman of the government, I answer to the country for the things that are my responsibility. For me what happened was a disaster. The things that happened, plus the fact that people are beginning to speculate about this today and that there will be terrorists somewhere else tomorrow — you know, this is bad. That's not all: People must answer for this. Those who organize this have to answer for it and will answer for it. They will answer to the law, too. There is no room for terrorism in Russia. But there are services which are supposed to nip this kind of thing in the bud. But not in a hospital!"

I played the tape recording of the premier's monologue over and over again but I could not work out whether Viktor Stepanovich was contending for the Hero of Russia star for determination and personal courage or for the Nobel Peace Prize. To clear up my doubts I phoned the MVD press center and asked:

"Do you think that Chernomyrdin rebutted General Yegorov's information?"

M. Doronin, the deputy chief of the press center, replied:

"I do not think so."

I did not manage to get through to the first deputy minister himself. To my many phone calls they replied: He is in conference. I managed to find out that the colonel general has been in this post for three years now. Prior to that he was chief of the Main Directorate for Fighting Organized Crime, then became deputy minister where he remains to this day. He is a professional. He possesses information which is very dangerous to many powerful people in the world today.

Filatov To Head Constitutional Court Review

MM2906103695 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 27 Jun 95 p 5

[Russian Federation President's Directive No. 284-rp, signed by Russian Federation President Boris Yeltsin on 20 June]

[FBIS Translated Text] In connection with the Russian Federation Constitutional Court's consideration of the question of whether acts of the Russian Federation president and Russian Federation Government aimed at restoring constitutional law and law and order on Chechen Republic territory conform to the Russian Federation Constitution:

1. A working group is to be formed in order to select and analyze materials necessary to the Russian Federation Constitutional Court's consideration of the question referred to in this directive.

2. S.A. Filatov, leader of the Russian Federation Presidential Staff, is appointed leader of the working group.

3. The leader of the working group is to:

—shape the membership of the working group;

—ensure that the conditions necessary for the working group's effective activity are created; and

—bring in the appropriate specialists as consultants and experts if necessary.

4. The Russian Federation Government and federal executive branch organs are to provide the working group with the documents and materials necessary for its work in the prescribed manner.

5. This directive comes into force the day it is signed.

[Signed] Russian Federation President B. Yeltsin

[Dated] 20 June 1995

Rybkin Comments on 'Zero Option' Possibility

LD2806191095 Moscow ITAR-TASS in English
1841 GMT 28 Jun 95

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, June 28 (ITAR-TASS) — "In resolving the parliamentary and government crisis we should act in strict compliance with the Constitution," State Duma Chairman Ivan Rybkin said.

Rybkin denied media reports that the Duma and the government may agree to the so-called "zero option." The essence of the "zero option" scheme is that the State Duma will cancel its vote of no confidence in the Cabinet while the government will recall its appeal to the Duma in which it requested the lower house to put the motion of no confidence to vote. "The president and representatives of the factions and deputy groups did not discuss any 'zero option' at their meeting yesterday," Rybkin said.

The Duma speaker said the Conciliatory Commission will hold its next meeting on Friday [30 June] to allow factions and deputy groups to complete their consultations with Russian Prime Minister Viktor Chernomyrdin.

Rybkin believes the majority of factions and deputy groups have already made up their mind about how they are going to vote on the motion of confidence in the government this Saturday, but they are "in no hurry to spell out their position."

Gaydar on Points For, Against Party of Power

MM2906084195 Moscow IZVESTIYA in Russian
28 Jun 95 p 4

[Article by Yegor Gaydar: "Trial by Election"]

[FBIS Translated Text] Today society's entire attention is naturally focused on the heated, dangerous, and, so to speak, "surprise" clash between the government and president on the one hand, and parliament on the other, which broke out 21-22 June 1995.

This clash could undoubtedly have serious consequences for the course of the election campaign. However, no matter what strong and striking tactical moves either side may make, in the last analysis the election result will not be determined by their more or less impressive play, but by the correlation of basic social forces.

That correlation has developed gradually over the last two or three years and cannot change radically in the few months that remain before the elections, no matter how the cards may fall in the risky political game.

I am convinced that the economic program being implemented by the government today has a real chance of success. Inflation is going down and will go even further, provided the government does not abandon its course and start making dangerous blunders. The stabilization of the exchange rate and falling interest rates are creating the prerequisites for economic growth at least in certain sectors of the economy.

As long as we do not deviate from this course, 1996 could see not only the beginning of the stabilization of Russia's economy but also the start of production growth.

Of course, it is unfortunate that this is going to happen in 1996 rather than 1994. Our country has paid more dearly for the economic education of the present head of government than anyone has ever paid to improve their qualifications. But better late than never. This policy, for all its technical imperfections and serious defects, has a chance of success. That is why we supported the budget presented by the government for this year. We voted in support of its economic course and against the vote of no confidence in the government. Doubtless that cost us some political dividends and lost us some advantages, but I am convinced that it is the only worthy and reasonable stance.

For the same reason we deemed it possible, despite differences over the most fundamental issues, for our supporters to take part in the work of the government. And we still hold that position to this day.

We are convinced that the success of the government's economic policy is a most important prerequisite for the possibility of preventing the extremists from breaking through to power in the next parliamentary and presidential elections. So nobody is more committed than we are to ensuring that this success is realized, no matter who is considered to be its author.

At the same time, now that Russia's economy is at last approaching stabilization and beginning to emerge from its gravest economic crisis, there is reason to talk about fundamental, strategic issues. When a ship is holed, the main task is to stop the hole and pump out the water. When that has been done, it is useful to consider: Where is the ship's course actually taking us, what strategic guidelines is the vessel following?

As a liberal I am opposed to any revolutions, and I regard this revolution as a tragedy for Russia, a high price for the inability of the communist elite, the communist regime, to ensure a soft exit from socialism. Do I like the kind of capitalism that has now taken shape in Russia? Of course not. It is repellent and horrifying. It is dishonest and socially unjust.

Could it have been different? I think not. Given its inheritance, given the terrible birthmarks that socialism left upon it, given the inconsistency in the reforms and the lack of reliable political support for them, it could not have been different.

I like this kind of capitalism not one jot more than Mr. Govorukhin does. It is another matter that I had realized very well what this Russian capitalism would be like after the collapse of communism, while Govorukhin was still making the movie that we all remember, "We Can't Go On Living Like This" ["Tak Zhit Nelzya"].

What can be done about this capitalism now? Here there are three paths and three significant sociopolitical forces, each of which advocates one of these paths. In essence the political struggle in Russia in the coming months and years will revolve around this choice.

There is a powerful social force that likes this kind of capitalism more than any other. This social force is the Russian bureaucracy. The capitalism that has grown up in Russia today can certainly be called bureaucratic capitalism. In it, state and private ownership are already shared out and at the same time are inextricably linked.

The lack of transparency in the mechanism of state power and the large-scale opportunities for squandering state resources open up unlimited opportunities for the redistribution of state resources in favor of "friendly" private companies and firms. One hand in the state's pocket, the other in the pocket of a private firm like this, transferring money from one pocket to the other — that is the ideal of bureaucratic capitalism. Hence the rapidly growing bureaucratic apparatus, the sluggishness in self-evident institutional reforms, and the numerous individual concessions to various sectors of the economy and private firms and enterprises.

In short, the existing version of capitalism is the bureaucracy's dream, the most favorable social milieu for its existence and the growth of its numbers.

Naturally, in this situation a party must be formed to defend the interests of precisely this kind of capitalism for Russia: the party of power, which writes on its banners the one word "stability." When the congress of the "Russia Is Our Home" movement was held, one of the speakers said very frankly: Those in power also want to fight for their power, to hold on to it. They want to, they have grounds to, and they will fight. That is perfectly natural.

Does this kind of capitalism block opportunities for economic growth? No, it does not. Economic growth is possible within the framework of this development scenario too. True, it will not be very rapid and its results will be distributed in a socially unjust manner. It is the flagrant injustice of the distribution of the results of economic activity and the dishonest nature of such capitalism that provides striking arguments for those who want to play on anticapitalist and radical nationalist rhetoric and determine the potential for strengthening the position of the Communist Party and its objective allies. A process that we should see clearly, realizing how serious it is.

Of course, there should be no illusions, the present CPRF [Communist Party of the Russian Federation] is certainly not outside the system, it is in a sense part of the establishment. The greater part of its leadership climbed into a black "Volga" limo at the age of 25 and has never climbed out again to this day. These are people who want to make use of social protests and justified dissatisfaction at what is happening in order once again to make their way to power and seize key positions there.

Do they want to build socialism and bring back a totalitarian economic and political regime? To be honest, I don't think so. I can't rule it out, of course, but I don't think so. They are too closely linked to their own commercial organizations and interests today. No, most likely that is not what they want. But they want something else, and that is very dangerous too. If you look at the Communists' basic program documents you will see that the idea "steal what was stolen" creeps in, and the key words are "nationalization of wrongfully acquired property." To all appearances, on coming to power they intend to nationalize property that was, in their view, wrongly acquired (that is, acquired by commercial organizations not linked to them) and hand it over to those who have "rightfully" earned it, that is, their "own" businessmen.

The forcible redistribution of property is always revolution. A revolution of a socioeconomic nature. And revolution means blood. I have talked with dozens of private farmers in the regions, and among them there were some who were very strong, who have staked themselves and their families on their cause. They say with one voice: No, we will not give up what is ours, we will shoot if necessary. There are already very many people who are not going to give anything up just like that. How much blood it will take to remove from them what they have earned, nobody knows. But it is quite clear that revolution means chaos in property relations and a terrible blow against the economy and the social situation in Russia. It means the risk of civil war and foreign war.

And finally, the third force — those who are interested in the normal, civilized evolution of the present capitalism, in making it much more honest and socially just and introducing anticorruption mechanisms, such as tenders for state purchases and much else. I am talking about the force that is interested in seeing the state serving society, rather than society being the slave of the state; the force that advocates a gradual process of adaptation of capitalism to the needs of Russian people, to normal life. Those who are customarily called democrats, who have not renounced that word, no matter how much people nowadays may try to make it a rude word, abusive and unpopular.

This is, in fact, the key alternative that faces Russia and that must, in my view, determine our political stance. Not expediency, but principles are the main thing here. And in this sense, of course, the first and most important task for us is to stop the war and prevent another revolution. That is the minimum program. And in tackling the minimum program we can, without any doubt, cooperate with the party of power. At the same time I am profoundly convinced that for us to align ourselves with the party of power and abandon our own strategic position and our differences would be a fatal mistake for the democratic movement. Ultimately someone must bear the banner of the struggle for a normal democratic civilized society. We must not abandon it.

A whole series of very serious differences divide us from the present party of power. We do not accept the way the party of power deems it possible to distribute the social burden of costs and financial stabilization and of economic transformation as a whole.

When the 1995 budget was being discussed our faction fought most energetically to strengthen the financing of science while reducing expenditure on grants and subsidies, a vast proportion of which are stolen. On the basis of the first quarter's results, expenditure on subsidies to, say, the agro-industrial complex have been financed to the tune of 200 percent, and expenditure on science — 73 percent. I cannot understand the logic whereby very powerful, large-scale preferences arise for individual spheres and sectors of the economy simply because they have close links with those in power.

Why should we have funds in our country that are worth tens of trillions of rubles and are not subject to tax, such as the Gazprom financial stabilization fund, the size of which is more than three times in excess of total federal budget appropriations for the financing of Russian science? I cannot understand this logic and I cannot accept it.

We categorically disagree with the astonishing sluggishness in implementing long-overdue anticorruption measures. If only such things as transferring the financing of the armed forces to the jurisdiction of the treasury, which would make it possible to ensure real financial control. Or going over to a tender system for the distribution of orders for state purchases, making it possible to reduce real expenditure on the said purchases by 30-40 percent.

We cannot tolerate the way the state apparatus is burgeoning, the way large-scale components are preserved within it whose intended function in present conditions is comprehensible even to me, a former head of government. Yet meanwhile structures that are vitally necessary in market conditions are not being set up. When the big monopolies regulate themselves, as in our country, it makes a mockery of the logic of the market economy.

It goes without saying that we cannot agree with the total stoppage of reform in the agrarian sector or the attempts to substitute for reform large-scale subsidies of which a large proportion never reach the peasants. They just get stuck in the commercial organizations. As a result a situation has developed in which the agrarian crisis is most necessary to those who depend on the distribution of agrarian subsidies. A vicious circle is formed: the agrarian crisis, weeping and wailing about the ruin of the countryside, the extraction of large-scale subsidies from the budget, and the channeling of these subsidies into commercial organizations. The commercial organizations use them, of course, not to settle up with the peasants, but for speculation on the currency market and the state short-term bonds market. The peasants do not get the money for their crop. The agrarian crisis is exacerbated. Then there is more weeping and wailing about the impoverishment of the countryside and demands for additional appropriations. This vicious circle is quite obvious to me.

We have very serious differences with the existing authorities over the problems of military reform. Virtually nothing is being done to realize the quite obvious potential and reserves that exist here: the abolition of parallel and duplicated structures, the reduction of the Army's numerical strength by means of the elimination of subunits providing services, which are unnecessary in the conditions of a market economy. The present government is trying to substitute for all this an increase in the term of service, basically adjusting the number of servicemen to fit the existing military structures. Instead of reforming them. This is a policy with which I, for instance, have never agreed and which I see no grounds to agree with now.

And finally, of course, the question of the tragic events in Chechnya divides us from the party of power. The war that was begun there, which has already cost Russians tens of thousands of lives, has created a bleeding wound in Russia's body, and its fatal results are becoming increasingly evident with every day that passes.

Our position, it seems to me, should and can be both principled and transparent. Yes, in the struggle for the minimum program, to stop war and revolution, we are, of course, ready for any political alliances. But in the struggle for a civilized Russian capitalism, the demilitarization of Russian society, and the creation of the prerequisites for socially just, stable Russian development we must carry our own banner and yield it to no one.

It must be admitted that the next elections (I am talking about the parliamentary and presidential elections) will be very difficult for us, with perhaps the greatest possible risk for Russia. Society has already put behind it the full burden of the revolution. Nearly all the possible favorable results of the reforms are still to come. The potential for radical anticapitalist rhetoric is extensive. There is still an active generation of people who can fairly easily be deceived with the re-emerging red flags and socialist ideals, in order to come to power on the basis of that deception.

If we manage not to lose these elections and not to yield power to irresponsible adventurists, there is a solid hope that Russia's development on the basis of the market, the emerging economic growth, and the objective potential for financing social programs will forever bar those forces' path to power.

Poll Shows Yabloko Faction Most Popular

LD2806181495 Moscow INTERFAX in English 1454 GMT 28 Jun 95

[FBIS Transcribed Text] MOSCOW, June 27 (INTERFAX) — The highest number of electors would vote for the Yabloko faction, if the parliamentary elections were held today, according to an opinion poll conducted by the Public Opinion Foundation among 1,368 respondents on June 24.

A total of 8% (108 people) of those polled said they would vote for Grigoriy Yavlinskiy (Yabloko), 7% (96 people) for Gennadiy Zyuganov (Communist Party of Russia), 5% (66 people) for Viktor Chernomyrdin (Russia Is Our Home), Boris Fedorov (Forward Russia) and Yuriy Skokov and Aleksandr Lebed (Russian Communities' Congress) each.

Only 4% of respondents (49 people) would vote for the Russia's Women movement (Yekaterina Lakhova, Valentina Fedulova), Liberal Democratic Party of Russia (Vladimir Zhirinovskiy) and Workers' Self-Government Party (Svyatoslav Fedorov).

Even fewer, 3% of those asked (46 people) said they would cast their ballots of Russia's Democratic Choice (Yegor Gaydar) and Derzhava (Aleksandr Rutskoy) each.

The Democratic Party of Russia (Sergey Govorukhin, Sergey Glazyev) and the Agrarian Party of Russia (Mikhail Lapshin) would canvass 2% of votes each.

As few as 1% of respondents would vote for Ivan Rybkin's election bloc, the Common Cause movement (Irina Khakamada) and the Republican Party of Russia (Ella Pamfilova, Vladimir Lysenko).

A total of 19% of those polled (266 people) were still undecided as to who they will vote for. Another 15% (202 people) said they will abstain.

The rest of 10% of respondents (132 people) found it difficult to fill in the questionnaire.

Communists' Joint Approach to Elections Urged

MM2806131895 Moscow PRAVDA in Russian 27 Jun 95 pp 1, 2

[Report by Valentina Nikiforova: "Still No Clarity. Observations on Communist Party of the Russian Federation Central Committee Plenum."]

[FBIS Translated Text] Last Saturday was the Communist Party of the Russian Federation [CPRF] Central Committee Plenum at which a discussion took place of the tasks communists are facing in the unstable socio-political situation in Russia and in the light of the forthcoming elections to the Federal Assembly.

There was no need to convince the secretaries of party organizations, activists, and deputies who had gathered there of how serious the situation was. They had come from the provinces and knew full well what the situation was. A speech by A. Kruglikov, first secretary of the

CPRF's Ulyanovsk Oblast Committee, added to the uneasiness: Fire had damaged the crops and the grain harvest cannot be counted on.

This will further complicate the position ordinary Russians are in and they will naturally begin to look for support. Most likely from the communists.

Is the communist party ready for this? G. Zyuganov gave a detailed analysis of the situation in his report. He mentioned the ever-increasing conflicts between the workers and the capitalists, society and the state, the majority of Russians and the cosmopolitan minority which has embarked on a course of betraying the country's national and state interests, and between the traditions of collectivism and the imported apology for individualism and egoism.

By merely reading out this list the auditorium became concerned. The elections to the State Duma really are the last chance to extricate ourselves from the crisis by peaceful means. But the communists need to win at the elections. It was this which emerged from the report and some 20 other speeches.

But it is here that there is no clarity. The CPRF is indeed in favor of an alliance with the forces of good reason. But PRAVDA's attempt to help them unite has as yet borne no fruit. The leaders have met and agreed to produce a single program, but only two out of 13 came to the meeting. Moreover, the Russian Communist Workers' Party held a congress and decided to enter the elections under its own banner. But after this the phones did not stop ringing in the editorial office literally for two days. Communists asked us to make Anpilov and Tyulkin "see sense," otherwise the fact that two communist parties are participating in the elections will disorientate the voters.

It is impossible to make the leaders listen to reason; they themselves must and have an obligation to realize where their responsibility lies, and the CPRF can very well enter the elections independently. But as A. Pomorov from Tomsk suggested, their approaches have to be coordinated: A clear program aimed at the oil industry workers, teachers, and farmers is required.

Such a program does exist. Therefore, participants in the plenum proposed that its main provisions be included in a decree.

Delegates to the 30th Union of Communist Parties-CPSU Congress were elected at the plenum and a decree/instructions were adopted: To strive to get the forum to set up a voluntary international league of communist parties. A league of strong, authoritative communist groups in the republics.

Businessman Fears Repetition of Fall '93

MK2806131095 Moscow DELOVOY MIR in Russian 28 Jun 95 p 1

[Interview with Mikhail Bocharov, president of the Butek concern and president of the International Russian Club, by Boris Krotkov under the "Opinion" rubric: "I Hope the Autumn 1993 Events Do Not Recur"— place and date not given; first paragraph is introduction]

[FBIS Translated Text] Obviously, a mere economic crisis is not sufficient for Russia. It has started creeping into a political crisis too. On 1 July, it could burst out in full. In this connection, your DELOVOY MIR correspondent had a talk with Mikhail Bocharov, a prominent businessman and a public figure, president of the "Butek" concern and president of the International Russian Club.

[Krotkov] Mikhail Aleksandrovich, to whom, in your opinion, do we owe the present critical situation in political life?

[Bocharov] To both sides — both the legislative and the executive power.

[Krotkov] Equally?

[Bocharov] Certainly not. The situation in the field of the economy has already gone beyond any limits within which it could be tolerated. The Duma, having at its disposal certain information on what is happening with the Russian economy — and this is the sphere of governmental activity — has quite rightfully raised a question of no confidence to the government. Everything was done fully in accordance with the constitutional norms. And no confidence in Chernomyrdin's cabinet was passed by the required number of votes.

[Krotkov] You said that the situation in the field of the economy has gone beyond any limits.... But Chubays (he seems to be the key spring in the government now) does not think so.

[Bocharov] I well know what Chubays thinks. He says that everything is good in our economy. The state statistics show a different picture. People speak differently too. If you are interested in my opinion, my answer is: Industrial production is declining; the same applies to agriculture; people are increasingly stricken by poverty; the country is in the grip of corruption; the crime rate is swelling as if on yeast. Therefore, to my mind, it is quite normal if, under such a situation, a parliament, having discussed the government's activities, passes a vote of no confidence in it. Another thing is paradoxical: The government, having received this vote of no confidence, as if nothing has happened is asking the Duma to express its....confidence.

[Krotkov] And still, let us imagine that on 1 July the State Duma, showing its adherence to principles, will again say "no" to the government in its present composition. Can it lead to a situation like in September-October 1993? I am asking this also because I was alerted by Boris Yeltsin's remark on the eve of the Duma's first vote on no confidence. If you remember, he cut it short: "It will be as I say!"

[Bocharov] I too am alarmed by this — very much. You know, I could feel the smell of September 1993, and Edict No. 1400. I think that it is, to say the least, unethical to make such statements. Whoever our parliamentarians might be, they are the choices of the people. To speak in the way the president did means to go beyond any permissible limits. Yeltsin's statement gives me grounds to fear that the evolution of the governmental crisis can well lead to the repetition of the autumn 1993 events.

[Krotkov] What would you recommend the government do under the present situation?

[Bocharov] The government — unfortunately it is obvious for me — is unable to deal with the problems it is facing. The situation is being aggravated in every respect. Therefore, it would have been normal for this government to resign en masse — not to retire just two ministers, which will probably be the case, but everybody should leave.

[Krotkov] Well, you are a radical extremist, Mikhail Aleksandrovich. Maybe it would still be better to look for a compromise by having two or three ministers replaced?

[Bocharov] Such a compromise will result in further aggravation of economic situation in the country, which can again lead to the autumn 1993 situation. The government must have the courage to resign. Mr. Chernomyrdin has to admit that he is not ruling the country anymore. Believe me, nothing awful will happen in this case. Unless, of course, Boris Nikolayevich keeps on insisting: "It will be as I say!" But this is precisely what is to be avoided. Therefore, one should welcome the negotiations which the president has started to hold with the Duma factions.

Impact of Power Crisis on Economy Viewed

MM2906084795 Moscow KRASNAYA ZVEZDA in Russian 27 Jun 95 p 1

[Article by Vladimir Yermolin: "Duel Situation on Summit of Power Again"]

[FBIS Translated Text] The government and parliamentary crisis, to judge by the results of the State Duma's Friday session, is still far from a peaceful solution. On Saturday 1 July at an extraordinary session the parliamentarians will examine the question of confidence in the Russian Federation Government (initiated, let us recall, by the government itself). Debates on this topic have shown that the overwhelming majority of deputies see in the very fact of this government initiative an "open challenge" to the legislative branch of power. The mood was correspondingly bellicose.

Viktor Chernomyrdin explained the decision to turn to the Duma on the question of confidence in his cabinet by the desire to defuse as rapidly as possible the conflict situation which has arisen since the Duma passed a vote of no confidence in the Russian Federation Government. Instead of the more than three months in the first case assigned under the Constitution for the president's final decision, in the second case just 17 days are assigned. It is true that the procedure for discussing this question is written into the State Duma standing orders in such a way that it leaves scope for broad interpretation. Just as the Constitution itself provides certain forms of protection.

Some of our observers are inclined to interpret everything that is taking place almost as a sign of developing democracy. There is freedom of opinion and debate, they say. That may be so. But the results of this freedom will not seemingly be great. Yes, Russians have been shown the position of the Duma and its assessment of the course of economic reforms and the social policy pursued by the government. Yes, the position of the government itself, which believes that for all the costs of this course Russia is going the right way, has been no less clearly shown. And, finally, by supporting the government, the president has also stated his position unequivocally. In that sense of course the picture is extremely distinct.

The development of passions around the relations between the government and parliament is so far resulting in entirely specific adverse consequences influencing primarily the economic situation. In a market economy, as we know, the sense of self-protection is keenly developed. In a country where the change of government is being undertaken urgently, where political stability has been violated and the politicized masses are being stirred, in such a country business feels uncomfortable — outside investments are frozen, financial and credit operations are halted, long-term programs are deferred indefinitely, and on the quiet prices begin to rise on the one hand and on the other some types of goods begin to stick. This is all the truer of Russia the legal base of whose economic reforms is still at the formation stage. Of course the first to pay for the "spiral of tension" are those citizens who are used to living on their wages alone. The military are among the first. One only has to think of the general delay in the payment of wages. But we shall not oversimplify the links between cause and effect in something like the turnover of cash in our country. But there can be no doubt that the dispute between the parliamentarians and the government has only aggravated the situation.

If you think about it — what is this all for? The normal constitutional progress of life is immeasurably more precious than all these public spectacles involving showdowns between the branches of power. Moreover, the elections are not far off, and they will in many respects make it possible to update the disposition of forces and there will be an opportunity to correct the government course as necessary, but without upheavals, without a duel situation whose outcome always turns against ordinary Russians.

Fascist Movement Origins, Rise Traced

954F2616A Moscow MOSKOVSKIYE NOVOSTI in Russian No. 39, 4-11 Jun 95 p 14

[Full-page feature under the heading "Fascism"]

[FBIS Translated Text] MOSKOVSKIYE NOVOSTI has written repeatedly about organizations, leaders, and print publications preaching fascist views. But, even in cases where criminal proceedings have been instituted, the exposed politicians or journalists have avoided punishment. The reasons are the absence of a precise, scientifically adjusted definition of fascism (not as the ideology of Hitler's Germany but as a phenomenon of modern life) and a legal formula that would make it possible to deal with the brown evil. But hope has recently appeared that Russian society can resist fascism.

The 'Browns': Essence and Characteristics

In accordance with the presidential edict of 23 March 1995 "Measures To Support the Concerted Actions of the Organs of State Power in the Fight Against Manifestations of Fascism and Other Forms of Political Extremism in the Russian Federation," the Russian Academy of Sciences made a definition of fascism and prepared the memorandum "Essence and Characteristics of Fascism." MOSKOVSKIYE NOVOSTI publishes extracts from this document.

Despite various manifestations of fascism that do not coincide in particular countries, it is typified by the following characteristics.

1. Extreme nationalism (chauvinism); recognition for the ruling nation (or race) of a special historical mission and the right to create a new state or other world order; the implantation of intolerance of other peoples and limitation of their rights, up to and including physical extermination (genocide).

2. A cult of the leader as the sole legitimate spokesman for the national idea and the will of the people.

3. Rejection of democracy and pluralism in favor of dictatorship and a one-party system and a cult of subordination relations; the creation of militarized formations and individual or mass terror as a method of the suppression of dissidence and the physical elimination of a political opponent.

4. Social demagogy, the constant search for an enemy for the purpose of the cohesion and revival of the nation and the cult of strength and war as a means of the resolution of territorial disputes and protection of the geopolitical interests of the ruling nation.

5. Justification of the activity of fascist parties and leaders of the past, the use of symbols, and approval of literary sources of a fascist type. The following definition of fascism may thus be made.

Fascism is an ideology and practice asserting the superiority and exclusiveness of a particular nation or race and an orientation toward the incitement of national intolerance and the justification of discrimination in relation to representatives of other peoples; a rejection of democracy and the establishment of a leader cult; the use of violence and terror for the suppression of political opponents and all forms of dissidence; justification of war as a means of the resolution of interstate problems.

Political extremism, which is a broader concept, should be distinguished from fascism. It presupposes the propaganda and use of violence and other extreme means for the achievement of **any** political ends. Political extremism may have a varying ideological focus (fascist, communist, separatist, and such) and be manifested in the spheres of national relations, religious dogma, and foreign or domestic policy. Encroachments on the foundations of the constitutional system and terrorism are the most dangerous forms of political extremism.

All this shows how difficult it is to employ legal forms of opposition to fascism and political extremism.

To the extent that it is a question of a struggle against ideology, they are wholly ineffective. It is impossible to ban ideology as such; it can only be "driven inward," additional vital forces being imparted to it thereby. Punishment is possible and necessary for specific actions (verbal or printed appeals for the overthrow of the constitutional system, a violation of national equality, terrorism, the use of violence in relation to political foes, and so forth). This is presented in detail in the edict of the president of the Russian Federation of 23 March 1995. At the same time, the Academy of Sciences of the Russian Federation believes that it would be expedient to promulgate a special law on the prohibition of fascist propaganda and fascist movements that would identify the main characteristics of fascism.

Yelena Lebedeva: 'To Be Tried for What?'

On 24 May the Moscow City Duma adopted as a legislative initiative the bill "Prohibition of the Activity of Extremist Grassroots Associations in Russia". The document has been forwarded to the federal level.

Taking current legislation as a basis, it is hard to find authority to deal with avowed manifestations of fascism. Making no secret of the fact, Vladimir Zhirinovskiy demands the adoption of a constitution "that transfers power to the hands of one person," and Aleksandr Barkashov calls for the eradication of "racially inferior peoples."

The new bill could be a barrier in the way of extreme reactionaries. According to the former, grassroots associations are considered extremist if they perpetrate any of the enumerated actions: publicly call for the establishment in Russia of unlimited power (dictatorship), create armed formations, engage in the propaganda of war, and publicly express intentions to qualify the rights of citizens of the Russian Federation on the basis of social, racial, national, linguistic, or religious affiliation; represent their aims with the aid of symbols historically characteristic of the regimes of Germany or Italy; publicly express a liking for German national socialism and Italian fascism and attempt to deny the crimes of these regimes.

The draft document says: "If any of the current political parties, public organizations or other grassroots associations in Russia registered with the justice authorities are deemed to be extremist, they are to be disbanded." Their assets shall be confiscated, and leaders who do not submit to the disbandment ruling shall be held criminally liable. The question of a grassroots association being found extremist shall be decided by the court.

Aleksandr Galkin, doctor of historical sciences: 'Heirs of the "Black Hundred"' (fragment of the article "Fascism: Roots, Characteristics, Forms of Manifestation." The article will be published in full in the journal POLIS No 2 for 1995)

The first gaps in the antifascist immunity acquired in the Patriotic War appeared in the 1970's.

Youth groupings expressing discontent, in which the appeal to fascist ideas was a form of shocking the authorities and an expression of dissatisfaction with the existing orders, began to emerge. Subsequently, the activity of such groupings declined. But some participants in these rallies joined the fascist organizations that arose somewhat later within the framework of the informal protest movement. The rejection of communist ideology pushed some of its participants toward extreme chauvinism. One further group was formed from the radical-nationalist wing of the CPSU and the Communist Youth League. Thanks to connections and material resources, this group rapidly occupied notable positions.

The profascist movement in Russia lacked its own ideology. But there was no serious advance "domestic" preparation. It was necessary to turn to Hitler's "Mein Kampf," Rosenberg's "Myths of the 20th Century," and anti-Semitic booklets that had been distributed by the German authorities on the occupied territories. But, under the conditions of antifascist immunity, an attachment to the German model was disadvantageous. The fascist organizations that had arisen in the 1930's in the overseas emigre milieu had also been discredited by their ties to Japanese and German official circles. For this reason, the Black Hundred movement of the start of the century was lauded to the skies. But the Black Hundred movement was not essentially fascist. Therefore, the Russian profascists borrowed the Black Hundred legacy selectively, taking from it mainly hatred of the "hair-splitting" intellectuals ("Masons") and Jews. It is this aspect of Black Hundredism that may with every justification be attributed to "native," primordial phenomena (the principal theorists of anti-Semitism of the 20th century developed their activity for the first time not in Germany but in Russia. It was to them—Dubrovin, Krushevan, Purishkevich—that the German ideologues of fascism were apprenticed).

There are in the profascist camp currently two main schools: Western and back-to-the-soil. The first emphasizes its affiliation to international fascism. The second, more influential, school avoids the appellation "fascism" and puts the emphasis on Russia's distinctive development. Despite the assertiveness of organizations of a fascist persuasion, they remain marginal and exert no appreciable influence on the processes occurring in society.

When evaluating the extent of the fascist danger, there is a temptation to take one's bearings exclusively from the past, primarily German history. But, first, fascism in Russia, if it succeeds in putting down roots, will not resemble foreign variants. It will be Russian. Second, it will be modern. Attention should be aroused not by the groups of rightwing radicals that, imitating the past, play at black and brown toy soldiers but those that really perceive society's serious problems. There are many indications that have in other countries led to the threshold of a fascist coup: a breakdown of the evolved social structures, the intensifying social and economic crisis, the weakening of state power, the growth of crime, the collapse of the former value system, the growth of the feeling of wounded national dignity....

Several scenarios of the development of events may be imagined under these conditions.

1. The power structures will succeed in getting hold of the situation, having preserved the democratic institutions. Franklin Roosevelt resolved the crisis situation in the United States in the 1930's in this way.

2. The ruling elite will emerge from the crisis by way of a further dismantling of the democratic institutions. This will afford an opportunity for the totalitarian degeneration of the regime.

3. Rightwing extremist forces, having put forward a charismatic leader, will come to power under the slogan of national salvation. The regime that is installed will not necessarily prove fascist. But the country's democratic development will be suspended.

4. A new extreme-right movement, which will include popular military figures, will arise on the wave of social and political discontent. A fascist program will be imposed on society.

It seemed several years ago that the two latter scenarios would not pass in Russia. Today the certainty of this is weakening.

Political Daltonism

The term "red-browns" is lowering society's immunity to fascism, Sergey Yenikolopov, head of a laboratory of psychosocial studies, believes.

Fascism was for decades in Russia regarded as an absolute evil. The "Red Army man—fascist" separation was very precise. The definition "red-browns" appeared on the wave of demolition of the communist myth. Indicating a number of common features between communism and fascism, the term discredited communism. But simultaneously the convergence of these two concepts began to lower society's immunity to fascism.

Young boys of the postwar generation knew for a fact that father, grandfather, and brother had died in the struggle against the "brown plague." The idea of fascism and its rejection were a part of life. No academic definitions were required at that time. Now a generation is growing up that knows not only about the war but about communism also by hearsay. The barriers of personal experience are being removed. We could subsequently be thinking as follows: "Grandpa is a nice man, a veteran, and a communist; he is called on television a 'red-brown.' Consequently, fascism is not that bad. These concepts are generally linked by a hyphen, as parts of a single whole. Perhaps there was and is no difference between them?" As a result, the entire right flank is indiscriminately profascist.

The confusion is intensified by the fact that both the communists and neofascists are moving toward a rapprochement with one another. The communists are tolerating proximity of the "browns," laying claim to the role of unifier of all opposition forces. The neofascists are taking advantage of the more popular communists as a "locomotive." As a result of the real and terminological "red-brown" combination, what even quite recently was considered fascist and reactionary is becoming acceptable.

Aleksey Polivanov: 'Union of Red Banners and Swastikas'

On Victory Day in Moscow, a thousands-strong crowd of radical supporters of the opposition gathered in the square outside the Belorussian Station. Red flags were preponderant. But there were black-yellow-white flags also. Dozens of young boys—members of Russian National Unity—were handing out for free to those present the latest issue of Russian National Unity's newspaper RUSSKIY PORYADOK—the front page was resplendent with a large swastika. A swastika also adorned the Russian National Unity leaflets. It is significant that the communists, who called the tune at the demonstration, did not protest against the presence of Nazis alongside them. "These Jews are to blame for everything" was heard in the crowd constantly. One communist there said: "Hitler killed my brother, but let him go to heaven all the same for having wiped out the yids!"

Socio-Political 'Spiritual Legacy' Founded

954F2593A Moscow MOSCOW NEWS in English No. 20-21, 2-8 Jun 95 p 2

[Article by Viktor Alekseyenko: "Communist Party Now Has a 'Spiritual Legacy'"; first paragraph is introduction]

[FBIS Transcribed Text] Adherents of state patriotism recently founded a new socio-political association, "Spiritual Legacy" in Krasnogorsk, Moscow region.

The formal leader of the new association is historian Aleksey Podberyozkin, member of the Russian Academy of Natural Sciences, and president of the "RAU-Corporation" research organization. But the first fiddle in it will, no doubt, be played by Gennadiy Zyuganov, leader of the communists.

Not notable earlier with any inclination for public policy, Aleksey Podberyozkin in the summer of 1994 set up the organizing committee on forming Spiritual Legacy and immediately set about work. The committee wrote the National Doctrine of Russia, the Conception of National Security and several works on the Russian idea. The struggle of patriotic scientists for the preservation of domestic science, culture, education and business was mainly waged from the pages of the small-circulation magazine OBOZREVATEL, published by RAU-Corporation, and was therefore little known to public at large.

The situation changed when the communist party of Russia actively joined the work on forming Spiritual Legacy. Practically all the pre-congress documents of the association were now published in the communists' newspaper PRAVDA ROSSII (The Truth of Russia) and were brought out as a supplementary sheet in PRAVDA and SOVETSKAYA ROSSIYA. The constituent congress consolidated this alliance and Spiritual Legacy refused to participate independently in elections. The delegates decided to work for the cohesion of the ranks of state-patriots together with communists, and made Zyuganov a member of the movement's council.

It is obvious that in such a bloc the CPRF will play a leading part, but both sides are interested in it. Joining Spiritual Legacy, communists hope to add to their votes at the parliamentary and presidential elections. In their turn, state intellectuals receive in the person of the leader of communists a practical organizer and a rather famous name, which is of great importance since Podberyozkin is not so popular among broad circles.

Apart from Zyuganov, the movement's council includes Gennadiy Seleznyov, deputy speaker of the Duma; communist deputies; as well as the well-known cultural workers Mahmud Esambayev, Nikolay Gubenko, Tatyana Doronina and others. It is noteworthy that the invitation to the congress was sent to the mass media by a fax signed by Vsevolod Bogdanov, chairman of the Union of Journalists. This unprecedented initiative aroused apprehensions among journalists that their professional union is ready to be reorganized into a party. However, Bogdanov did not participate in the congress and the story with invitations, as it was explained in the lobby, occurred because of his good personal relations with some founders of Spiritual Legacy.

Military Issues

Yeltsin on Security Issues, Military Reform

MM2806185895 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 29 Jun 95 p 1

[Speech delivered by President Boris Yeltsin in the Kremlin on 28 June: "All Knowledge and Skill to the Military Cause. A Reception Was Held in the Kremlin Yesterday in Honor of Graduates of Military Academies" — first paragraph is ROSSIYSKAYA GAZETA introduction]

[FBIS Translated Text] Boris Yeltsin, president of the Russian Federation and supreme commander in chief, and other officials came to congratulate the graduates. Yeltsin spoke at the reception. Addressing those present, he said:

Today is a ceremonial and joyful day in the life of Russia's higher military education. The higher academic training of a new detachment of specialists for the Army and Navy has been completed.

I congratulate the academies' graduates on this noteworthy event. You are to serve and strengthen the country's defense capability in the 21st century. You are to continue the glorious traditions of the Russian Army.

Today the Army demonstrates its combat capability not only in maneuvers and training exercises. A number of units and subunits are carrying out peacekeeping tasks in accordance with our country's international commitments. Russian servicemen are setting examples of courage, heroism, and professional skill in the restoration of constitutional order in Chechnya.

In the sphere of national security, a number of priority tasks face us today:

First, the final restoration of the constitutional system in Chechnya. And we will now be putting the emphasis mainly on political means. This is a position of principle.

Second, the completion of the formation of a collective security system in the CIS countries. We will always feel a sense of political and moral responsibility for the fate of the countries and peoples that marched alongside the Russian state for hundreds of years.

Third, participation in the creation of a comprehensive European security system. An important component of this future system must be constructive cooperation between the Russian Federation and NATO. We recently joined the "Partnership for Peace" and are prepared for a deeper dialogue with the alliance on all questions of European policy and security.

But we do not yet consent to NATO's eastward expansion, taking in the countries of Central and Eastern Europe, right up to Russia's borders. NATO must transform itself from the West's military bloc into an instrument of all-European security, and, moreover, of a political nature.

Fourth and last, Russia's special geostrategic position in Eurasia dictates the Asian thrust of our foreign policy and participation in the creation of an effective security system in the Asian-Pacific region.

Just an hour ago, Li Peng, premier of the Chinese State Council, left Russia after talks in the government and a meeting with myself. I must say that in all the years since 1917 there have not been such good relations and businesslike cooperation as now. And we will continue this line in order that two major powers, neighbors with a long border, can be friends with each other.

Today the probability of the outbreak of a general nuclear or conventional war has been reduced to a minimum.

The main threat to international peace and security is armed conflicts springing from aggressive nationalism and religious fanaticism, international terrorism and extremism. Unfortunately, such conflicts exist both within Russia itself and in close proximity to its borders.

The main aim of the organizational development of the Armed Forces is the creation of a fundamentally new Army and Navy. They must meet the demands of the present-day military-political and strategic situation in the world and the real needs of the necessary and sufficient defense of the country.

Approaches to the strategic planning of the use and mobilizational deployment of the Armed Forces have been revised. Operational and mobilization plans have been drawn up. On the basis of these plans, tasks have been clarified and the groupings of military districts that have become border districts have been strengthened.

We attach priority importance to the preservation and development of the strategic nuclear forces. They are the main guarantor of safeguarding the country's security. The airborne troops must form the basis of the mobile forces. These forces will also include formations and units of branches of the Armed Forces and categories of troops, fully manned and equipped with modern armaments. The mobile forces are designed to react to various conflict situations, including those inside the country.

Work is in progress to create the optimum organizational and manning structure for the troops and naval forces. With a view to strengthening the Armed Forces' link with society, elements of civilian control of the process of military organizational development are continuing to be introduced. Particular attention will be devoted to questions of social provision for Armed Forces personnel and their family members, as well as servicemen of the reserve, those who have devoted the best years of their lives to serving the Motherland.

However, unfortunately all these tasks are as yet being tackled only slowly. The package of measures to prepare for and implement military reform has not been fulfilled, or not in full. I realize that much here was dependent on the inadequate financial provision for the Army. However, the country's economy is gradually entering a phase of more stable development. And since May, industrial production has begun to rise. This means that there will be a real possibility of halting the reduction in military spending.

Thus we have already incorporated the following principle in the 1996 budget: The proportion of expenditure on national defense should remain at the 1995 level. So it is time to roll up our sleeves and get down to work. The second half of this year and especially 1996 should be decisive for the development of military reform. The reform provides for the creation of Armed Forces that are comparatively small, mobile, equipped with modern weapons, and manned by trained personnel.

Esteemed graduates! It is you who must tackle the tasks of reforming the Armed Forces. Intensive work awaits you in the troops and fleets. It demand a high level of organization, responsibility, selflessness, and courage from the officer cadres.

You, officers with higher military education, must be champions of all that is new and advanced. I am sure you will make your contribution to the further improvement of tactics, operational science, and the methodology of the training and education of personnel, including in those situations that may arise in the country.

Alongside the Russian officers, officers from foreign armies have also graduated from our military academies. The years of training have enabled you to understand each other better. I hope you may maintain your feelings of friendship for a long time. May personal and military cooperation continue to link you in future. May you develop fruitful collaboration between our countries on this basis, especially since our troops are remaining in a number of countries as bases for Russian troops in the CIS.

Dear friends! All that constitutes the pride, strength, and glory of our Fatherland is inseparably linked to its heroic past.

Russia's climb up the rungs of the ladder of history is not simply a succession of times and events. It is the fusion of the constructive and combat path of the generations.

A St. George's Ribbon of glory stretches from Aleksandr Nevskiy's victory in April 1242, through Kulikovo Field and the Field of Borodino, to the triumphant victory over the Hitlerite fascists in May 1945. Be worthy of your predecessors and your great destiny!

Behind each one of you is the glory of your ancestors and the greatness of the boundless and beautiful Motherland whose defense is entrusted to you. Ahead there is only one path — to devote all your knowledge, experience, and skill to the military cause. I wish you a good journey! Strong health and good spirits, inexhaustible energy, success and happiness in your tough service as officers!

Heartfelt gratitude to the command and the professorial and teaching personnel of the military academies, for their noble work.

Success to you all in the exacting and honorable cause, for the sake of Russia, to the glory of the Fatherland!

Federal Assembly

Yabloko's Lukashev on Duma's Confidence Vote

MK2806121095 Moscow ROSSIYA in Russian No. 19, 28 Jun-4 Jul 95 (Signed to Press 27 Jun 95) p 1

[Report by Igor Lukashev, "Yabloko" State Duma faction deputy, under the "Duma" rubric: "Deputies Burning Bridges"]

[FBIS Translated Text] On 23 June, the parliament refused to put on the agenda, once again on Chernomyrdin's insistence, the question of confidence in the government and set the discussion for 1 July. All in all, 89 deputies of the "Yabloko," "Russia's Choice," and "Democratic Party of Russia" factions voted for discussing the question out of order, that is to say, in line with the Constitution. An interesting picture is emerging. The Agrarians, Communists, Zhirinovskiyites, and New Regional Policy voted for no confidence in the government 21 June. Two days later they refuse to consider the question. Why? Simply because the question of confidence in the government is in fact the question of early elections for the Duma. This is what changed inside two days. This is why the deputies are evading the question. The majority of the Duma want no early elections and are ready to change their stance for that. But they have to somehow save face. How? Knowing that the Security Council may decide to reshuffle the government, the Duma votes for dismissing Yerin, Grachev, and Yegorov as if nudging the president toward room for compromise. Should at least one of the three candidates be dropped from the government, this would, as it were, provide a cause for change in the Duma's stance. This brings us to the main thing. On 21 June, three factions — the Communists, Agrarians, and New Regional Policy did not vote on confidence in the power ministers. Now they do. On the 21st, 136 deputies voted for no confidence in the power ministers; on the 23d, 270 to 280 did so. Twice as many, that is to say. Why on earth? The deputies are human. Offices, cars, salary, apartments, assistants, the press — they may lose all these things, which would make their election campaigns a difficult prospect, too. They would have to pay too high a price....

Such is the deputy's point of view. But the main question worrying everyone is whether the Duma is going to survive. The deputies have fallen into their own trap. Initiating the procedure of impeaching the president — 155 votes have been gathered — the Duma, as it were, has cut off its own avenues of retreat. Even if two-thirds of it vote for the move (which is unlikely) the Supreme Court is not going to uphold the decision (the Duma would have to convince the judges that the president's actions add up to a grave crime — high treason, and so on), and it will not most certainly be supported by the Federation Council, where the heads of the executive branch rule the roost.

Duma Voting on Impeachment Motion Analyzed

MM2806141395 Moscow PRAVDA in Russian 28 Jun 95 p 2

["Own Information" report: "Some Love Him, Others Love Him Not, and Others Are Just Afraid"]

[FBIS Translated Text] The Communist faction in the State Duma has raised the question of dismissing Russian President B. Yeltsin. In a roll-call ballot 170 deputies voted in favor of including the question on the agenda, 56 voted against, there was one abstention, and 223 did not vote.

Who was in favor? The Communist faction, the Democratic Party of Russia, 44 of the 54 Liberal Democratic

Party of Russia deputies, 21 of the 50 agrarians, 22 of the 54 deputies who are not members of any factions or groups, 11 of the 32 members of "New Regional Policy," and two members of "Yabloko" — V. Shostakovskiy and I. Yakovenko.

Some 37 of the 54 "Russia's Choice" deputies — the largest group — voted against. Isolated members of the other groups love the president. Namely one deputy from "Women of Russia," A. Fedulova; three members of the Party of Russian Unity and Accord [PRUA]; and two members of "New Regional Policy" — V. Medvedev, leader of the faction and of the Union of Petrochemical Workers, and Deputy Ye. Tishkovskaya. Five of the "independents" — V. Bauer, A Braginskiy, A. Zhukov, V. Kovalev, and B. Fedorov — love the president.

It is also interesting to see who did not vote. There were 29 members of the Agrarian faction, including A. Biryukov, A. Zaveryukha, I. Klochkov, G. Kulik, M. Lapshin. A. Nazarchuk, and I. Rybkin. Some 34 of the 39 "Stability" deputies did not vote, nor did 20 of the 21 members of the "Women of Russia" faction; they evidently decided to keep their view of the president secret and let him agonize before finding out whether they love him or not. S. Shakhray, A. Shokhin, V. Nikonov, A. Sliva, G. Melikyan, and 10 other PRUA deputies did the same.

List of Legislative, Regulatory Documents 18-24 Jun

95P50139

[FBIS Media Note] The following is a listing of Russian legislation recently published in the press of the Russian Federation compiled by FBIS. Numbers within parentheses indicate approximate wordage. Entries followed by the notation "Text" have been translated into English and are available in FBIS publications.

SECTION I: ECONOMIC LEGISLATION (EXPORT-IMPORT, BANKING, PRIVATIZATION, AUCTIONS, REGIONAL DEVELOPMENT)

Chernomyrdin 7 June Decree No. 560 On Signing Agreement With EBRD On Plans For Nuclear Safety Account. (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jun 95 p 5) (450) (Text)

Chernomyrdin 9 June Decree No. 573 Approving Statute On Licensing Purchase, Delivery, Processing, Storage, And Sale Of Grain And Grain Products For State Needs, Plus Statute In Question. (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jun 95 p 5) (50/3200)

Chernomyrdin 9 June Decree No. 574 On Ratification Of Statute On RF Committee For State Reserves, Accompanied By Text Of Statute. (Moscow ROSSIYSKAYA GAZETA in Russian 21 Jun 95 p 4) (300/3800)

Soskovets 9 June Directive No. 790-r Accepting Proposals To Hold Conference On 'New High Technologies And Problems Of Enterprise Restructuring And Privatization' And Urals Conversion, Science And Business Exhibit In Yekaterinburg. (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jun 95 p 3) (250)

Chubays 9 June Directive No. 791-r On Submitting Draft Federal Law On Amendments To 1995 Federal Budget Law To Duma, Appointing Finance Minister Panskov As Government's Representative In Debate. (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jun 95 p 3) (100)

Chernomyrdin 9 June Directive No. 792-r Approving Zaveryukha As Head Of Russian Side Of Russian-U.S. Agribusiness Commission. (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jun 95 p 3) (100) (Text)

Chernomyrdin 9 June Directive No. 798-r Approving Proposal For Russian Participation In 'Brussels-Eureka' Salon 8-15 November. (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jun 95 p 5) (250)

Federal Law No. 88-fz Of 14 June 'On State Support For Small Business In The Russian Federation.' (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jun 95 pp 3-4) (6400)

Shumeyko 14 June Decree No. 495-1 fc On Approval Of Federal Law Ratifying Agreement With U.S. On Procedure For Customs Registration And Duty-Free Import Of Commodities Being Shipped Within Framework Of Russo-U.S. Cooperation In Peaceful Study And Utilization Of Outer Space. (Moscow ROSSIYSKAYA GAZETA in Russian 21 Jun 95 p 4) (200)

Yeltsin-signed 19 June Federal Law No. 89-fl On Amendments And Additions To RF Legislative Acts In Connection With Adoption Of RF Laws On Standardization, Unity Of Measurements, Certification Of Output And Services. (Moscow ROSSIYSKAYA GAZETA in Russian 22 Jun 95 p 3) (1800)

Yeltsin 21 June Directive No. 285-d On Social Protection For Russian Citizens Working In Budget Sphere. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jun 95 p 2) (100) (Text)

CIS Council Of Heads Of State Decision On Draft Agreement On Creating Interstate Currency Committee, Agreement In Question, And Statute On Committee.

(Moscow ROSSIYSKAYA GAZETA in Russian 23 Jun 95 p 13) (100/300/1600)

Agreement Between Russia and Turkmenistan On Mutual Institution Of Trade Missions. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jun 95 p 14) (700)

Agreement Between Russia And Kyrgyzstan On Cooperation In Protecting Industrial Property. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jun 95 p 14) (700)

SECTION II: POLITICAL (INTERNATIONAL AND CIS AFFAIRS, ELECTIONS, CRIME, POLLUTION)

Chernomyrdin 20 April Decree No. 388 On Concluding Agreement With Kyrgyzstan On Cooperation In Protecting Industrial Property. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jun 95 p 7) (200) (Text)

Chernomyrdin 17 May Decree No. 493 On Concluding Agreement With Turkmenistan On Mutual Institution Of Trade Missions. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jun 95 p 7) (200) (Text)

Chernomyrdin 9 June Decree No. 569 Amending Earlier Decree On Economics Ministry To Permit 10 Deputy Ministers, Including Three First Deputy Ministers, And A 20-Person Collegium. (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jun 95 p 3) (100)

Chernomyrdin 9 June Decree No. 575 'On Creating Russian State Archive Of Scientific And Technical Documents.' (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jun 95 p 3) (400)

Chernomyrdin 9 June Directive No. 797-r Granting Federal Service For Television And Radio Broadcasting R370 Million To Modernize Nenets Broadcasting Network. (Moscow ROSSIYSKAYA GAZETA in Russian 21 Jun 95 p 3) (50)

Chernomyrdin 9 June Directive No. 799-r Accepting Russian Foreign Ministry's Proposal For Opening WK Embassy Office In Yekaterinburg. (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jun 95 p 3) (100)

State Duma 9 June Decree No. 856-1 sd On Declaration Of RF Federal Assembly State Duma 'On Russia's Position At The Present Stage Of The Crisis In The Balkans And On Initiatives For A Bosnian Settlement.' (Moscow ROSSIYSKAYA GAZETA in Russian 22 Jun 95 p 5) (100/1500) (Text)

Shumeyko 14 June Decree No. 496-I Approving Federal Law On Ratification Of Consular Convention With Poland. (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jun 95 p 5) (100)

Yeltsin 14 June Edict No. 590 On Interdepartmental Coordinating Council For Military-Technical Policy, Membership Listing Of Council, Plus Unattributed Commentary On Its Creation. (Moscow ROSSIYSKAYA GAZETA in Russian 21 Jun 95 p 3) (100/400/600) (Text)

Shumeyko-signed 15 June Decree No. 499-1 fc On Approving Federal Law On Election Of State Duma Deputies. (Moscow ROSSIYSKAYA GAZETA in Russian 21 Jun 95 p 4) (150)

Chernomyrdin-signed 19 June Decree No. 580 On Setting Up Of Government Commission To Investigate Circumstances Of Infiltration Of Budennovsk By Illegal Armed Formations. (Moscow ROSSIYSKAYA GAZETA in Russian 22 Jun 95 p 1) (300) (Text)

Yeltsin-signed 20 June Edict No. 603 On Amending Partial Draft-Deferment Edict Of 29 Apr. (Moscow ROSSIYSKAYA GAZETA in Russian 22 Jun 95 p 1) (150) (Text)

Yeltsin 20 June Edict No. 612 On Gubernatorial Election In Nizhniy Novgorod Oblast. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jun 95 p 2) (100) (Text)

CIS Convention On Human Rights And Basic Freedoms. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jun 95 pp 9, 12) (5400)

(?CIS) Agreement On Cooperation To Protect Civil Aircraft From Illegal Interference. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jun 95 p 11) (1600)

'Package Of Measures To Ensure Evacuation Of Russian Citizens From Foreign States In The Event Of Emergencies,' Plus Commentary By Emergencies Ministry Official Brazhnikov. (Moscow ROSSIYSKAYA GAZETA in Russian 23 Jun 95 p 15) (3500/2000)

Regional Affairs

Further on Peace Settlement Talks in Groznyy

Volskiy Quoted on 28 Jun Talks Results

LD2806160595 Moscow INTERFAX in English 1529 GMT 28 Jun 95

[FBIS Transcribed Text] Groznyy, June 28 (INTERFAX) — The second round of talks between the federal authorities and Dzhokhar Dudayev's representatives in Groznyy reached an agreement on military issues

Wednesday, member of the federal delegation, Arkadiy Volskiy, told INTERFAX.

According to Volskiy, the discussion of military issues, launched at the start of the first round, proved successful. In particular, measures to disarm illegal armed formations were worked out.

During the first round a mechanism for disarming Chechen formations of 50 to 500 militants was also reached.

Volskiy said political issues would be discussed Wednesday afternoon. However, the Chechen side requested to put off discussion of the republic's political status.

Prior to this, it was planned to discuss Dzhokhar Dudayev's possible participation in future elections in Chechnya. Volskiy did not exclude that the issue could be considered Wednesday afternoon.

In an interview with INTERFAX, a brother of Shamil Basayev (leader of a terrorist group which stormed Budyonnovsk in the Stavropol territory — IF note), Shirvani Basayev, confirmed that "an agreement on military issues had been reached."

Shirvani Basayev denied information that his brother was staying in Pakistan. However, he declined to name his present location.

The talks are being held at the premises of the OCSE mission in Groznyy. Residents of Groznyy and other cities and villages in Chechnya gathered around the building with banners reading: "Shamil Basayev's Demands are Those of All Chechen People!", "We Are With You, Dzhokhar. Allah Be With Us!"

Government Issues Statement

LD2806172195 Moscow ITAR-TASS in English 1635 GMT 28 Jun 95

[FBIS Transcribed Text] Moscow, June 28 (ITAR-TASS) — The Russian government press centre issued the following communique on Wednesday:

"According to reports from the Territorial Administration of the Federal Bodies of Executive Power in the Chechen Republic, the talks on the settlement of the crisis in the Chechen republic resumed at the OSCE mission in Groznyy today after an agreed upon break.

"The delegation of the government of the Russian Federation is represented by Vyacheslav Mikhaylov, Nikolay Semenov and Arkadiy Volskiy, as well as representatives of the command of the combined group of the federal armed forces. Dudayev's side by representatives of the staff of the armed forces. Also participating in the talks as representatives of various political parties are Usman Imayev, Akhmed Zakayev, Abdulla Bugayev and Lecha Magomadov.

"Before the beginning of the talks, their participants were addressed by the OSCE Chairman's representative Istvan Gyarmati. In his statement on behalf of the OSCE Chairman and members of this international organisation he welcomed the parties to the talks and expressed satisfaction with the fact that the political dialogue continues. Istvan Gyarmati noted that his organisation is doing its best to ensure the success of the talks. It was also said that the OSCE has no special interests and that its only goal is to achieve a peaceful settlement of the crisis.

"After the beginning of the talks, Usman Imayev and a representative of Anatoliy Kulikov exchanged statements in connection with the violations of the moratorium on combat operations.

"Note was taken of the information concerning this issue.

"The questions regarding the delegations' mandates were specified.

"At Usman Imayev's request, representatives of the command of the warring armed forces reported their concerted actions to implement earlier agreements on military issues.

"The members of the delegations were provided with information on the mechanism of disarmament, and interaction between Maskhadov and Kulikov on issues concerning the organisation of disarmament and disengagement of groups and units of the federal troops and illegal armed formations.

"An agreement was reached that the agreed upon mechanism for the implementation of the military set of issues will be reflected in a respective protocol.

"In the second half of the day, the talks were continued."

Mikhaylov Describes Talks as 'Tough'

LD2806190195 Moscow ITAR-TASS in English 1822 GMT 28 Jun 95

[By Sergey Trofimov and Nikolay Zagnoyko]

[FBIS Transcribed Text] GROZNYY, June 28 (ITAR-TASS) — Head of the Russian government delegation at the talks on the Chechen settlement, Vyacheslav Mikhaylov, described the past day at the talks as "tough."

Mikhaylov told ITAR-TASS on Wednesday that the sides commenced the examination of the block of political matters in the afternoon. However, he did not disclose the contents of the discussion.

Head of the OSCE [Organization for Security and Cooperation in Europe] mission in Groznyy Sandor Meszaros said at a news conference that thousands of political problems have not been formulated yet. So far, an exchange of opinions is underway. The contents and order of consideration of political issues will be revealed to mass media after coordination by the negotiating parties.

It was stressed at the news conference that the moratorium on military activities remains in force.

The military consultant of the Russian delegation drew journalists' attention to the fact that the federal troops open fire only as a retaliatory measure following armed provocations of Dudayev troops.

The talks will be resumed tomorrow at 10 a.m.

Possible Changes Not To Affect Talks

LD2906064795 Moscow ITAR-TASS in English 0632 GMT 29 Jun 95

[By Nikolay Zagnoiko and Sergey Trofimov]

[FBIS Transcribed Text] GROZNYY June 29 (ITAR-TASS) — "Today's session of the Russian Security Council and possible changes in the Russian Government that may follow it will not influence the talks in Chechnya," Usman Imayev, ex-Prosecutor-General of Chechnya and now head of the Dudayev delegation at the talks on a peaceful settlement of the conflict in the republic, told TASS.

According to Imayev, the Russian delegation "is vested with all powers, needed for making decisions."

Volskiy: 29 Jun Talks To Be 'Decisive'

LD2906073295 Moscow ITAR-TASS World Service in Russian 0648 GMT 29 Jun 95

[By ITAR-TASS special correspondents Nikolay Zagnoyko and Sergey Trofimov]

[FBIS Translated Text] Groznyy, 29 Jun (ITAR-TASS) — The third stage of the talks on a peaceful settlement to the conflict in Chechnya may take place in Groznyy with the participation of Russian Prime Minister Viktor Chernomyrdin. It is also possible that, if the sides agree to this, it will be held in Moscow "at the highest level." Journalists were told this here today by Arkadiy Volskiy, a member of the Russian delegation at the talks and president of the Russian Union of Industrialists and Entrepreneurs. Arkadiy Volskiy did not elaborate on what he meant by "the highest level." Nor did he specify the time frame within which the third stage of the talks might be held.

Commenting on the progress of the second stage of the talks, which were continued here today, the Russian representative stressed that today "will be decisive."

Answering journalists' questions about whether the progress of the talks might be affected by possible changes in the Russian government after today's Security Council sitting, which is to discuss events in Budennovsk, Arkadiy Volskiy observed: "If changes are made regarding the 'power' ministers, the talks will not be affected."

Premier Said Asking Kovalev To Join Talks

MK2906091095 Moscow KOMMERSANT-DAILY in Russian 29 Jun 95 p 3

[Report by Dmitriy Kamyshev: "Situation in Chechnya. Moscow Offers Coalition to Dudayev"]

[FBIS Translated Excerpt] The Chechen settlement talks, which restarted in Groznyy yesterday, have brought no sensations yet. Moreover, the sides were obliged to go over the already agreed military questions during the morning. Some preliminary statements from members of the Russian delegation, however, indicate that in the second round Moscow still hopes to achieve at least a perceptible progress toward peace in Chechnya, if not a decisive breakthrough. [passage omitted]

Yet more proof of the fact that Moscow (or rather Viktor Chernomyrdin) pins great hopes on the peace talks can be seen in an offer made yesterday to Sergey Kovalev to join the government delegation. POSTFACTUM maintains that the move was prompted by the premier himself. If Kovalev joins the talks, progress in the political questions may become reality. One cannot, however, rule out that yet another change in the internal political situation (for example, the Duma confidence vote, or the Constitutional Court's scrutiny of the "Chechen" inquiries) would radically alter the stance of the Russian delegation.

Federal Checkpoints Fired At in Groznyy

LD2906063695 Moscow ITAR-TASS in English 0619 GMT 29 Jun 95

[By Nikolay Zagnoiko, Sergey Trofimov]

[FBIS Transcribed Text] GROZNYY June 28 (ITAR-TASS) — Last night was an anxious one in the Chechen capital, where talks on a peaceful settlement are to be continued today, and especially in the northern suburbs of the city, a spokesman for the press service of the Interior Ministry of the Chechen Republic told TASS today. A number of check points of the federal troops were fired at from fire arms and mortars.

Vyacheslav Mikhaylov, head of the Russian Government delegation at the talks, told Tass on Wednesday that it was a hard day for them, but pointed out that the sides had started the discussion of a package of political problems.

Residents of nearby villages are coming to Groznyy in connection with the talks to take part in rallies. The negotiating process gave an impetus to the political life in the republic. According to the Tass information, some parties and movements of the Chechen Republic come up with political statements and assessments of the current situation and express readiness to take part in the election of new government bodies.

Dudayev Gunmen Continue Fire on Federal Positions

LD2906083095 Moscow ITAR-TASS in English 0748 GMT 29 Jun 95

[By Nikolay Zagnoyko]

[FBIS Transcribed Text] GROZNYY, June 29 (ITAR-TASS) - The firing at positions and check points of federal forces and police in Chechnya continued during the past 24 hours, although major violations of the current moratorium on combat operations were not registered, TASS learned from military sources in Grozny.

According to the sources, Interior Ministry units were fired at 21 time and Russian Army units — four times last night.

Lieutenant General Anatoliy Shirokov, commander of the Interior Ministry troops, told Tass that some illegal armed groups were using the armistice for accumulating and regrouping forces and for replenishing their food and arms stocks. According to Shirokov, some cases of the movement of illegal armed groups from the highland areas to the valleys were registered.

Last night the federal troops blocked the movement of two truck columns near the villages of Shalazhi and Roshni-Chu (30 km away from Groznyy), Shirokov said.

Chechen Prime Minister Appeals for Law, Order

LD2806142095 Moscow Radio Rossii Network in Russian 1300 GMT 28 Jun 95

[Report by Valeriy Kuts from Stavropol District — recorded]

[FBIS Translated Excerpt] [passage omitted] The press center of the district's administration reports that a delegation of the government of national rebirth of the Chechen republic and of the Committee of National Accord headed by Akhmed Iriskhanov, deputy head of the department of foreign affairs of the government, is in Stavropol today. An appeal circulated to the citizens of Russia signed by Chechen Prime Minister Salambek Khadzhiyev says: The entire world has seen the true, inhumane face of the Dudayev regime. But do not regard the Chechen people as your enemies! Destabilization in the North Caucasus is to the advantage of the Dudayev regime.

The appeal also expresses sincere condolences to the relatives of those who died and calls for law and order, honesty, and respect for people to be established everywhere in Russia.

Chechen Government Establishes Religion Ministry

LD2806192695 Moscow ITAR-TASS in English 1702 GMT 28 Jun 95

[FBIS Transcribed Text] GROZNYY, June 28 (ITAR-TASS) — A new department was set up in the Government of National Revival of Chechnya on Wednesday [28 June] — the Ministry of Religion and Confessions.

Professor of Groznyy university Abuzar Sumbulatov was appointed Acting Minister.

The decision to set up the new ministry is motivated with the need to systemise the work of religious organisations.

Turkey Allegedly Offers Asylum to Dudayev

MK2806115095 Moscow MOSKOVSKIYE NOVOSTI in Russian No. 44, 25 Jun-2 Jul 95 (Signed to Press 27 Jun) p 12

[Commentary by Andrey Ivanov under the "Intrigues of the Week" rubric: "Is Dudayev Expected in Turkey?"]

[FBIS Translated Text] The Russian Federation president's statement that Turkey had agreed to receive Dudayev seems to have ruined the plans of all interested parties.

Let me briefly recap the events in the wake of the statement. A Turkish representative was summoned to the Russian Federation Foreign Ministry where an official protest was made to him. Turkey's Foreign Ministry denied the information aired by Boris Yeltsin, stressing there had been no such request from Dudayev. More than that, the Turkish side stated that should such a request come in the future, the answer would be negative. Finally, Dudayev himself also denied the Russian president's announcement in a "Radio Liberty" interview, in which he remarked that they like to bring tidings to Yeltsin that are "pleasing to the ear" — and that he, for his part, likes to "pass them off for real." The whole story looked especially colorful against the backdrop of the Russian premier's statement that "we in the center had no such news," and the Russian Federation Foreign Ministry clarified that the news had not passed through its channels.

In the meantime, MOSKOVSKIYE NOVOSTI has been told by persons in the know that the news of Dudayev's possible departure for Turkey was received by the president through special services' channels and that there is no doubt as to its authenticity. The Chechen leader visited that country on numerous occasions over the last six months and even met with "one of the top state leaders." All of these contacts were monitored by Russian special services and each time brought to the attention of the Turkish side. The Turks, for their part, cited the fact that Dudayev was visiting their country by invitation from local Chechen organizations (although it is doubtful that this sort of decision is possible in Turkey without the authorities' consent).

According to the Russian special services' version, in the course of one of his latest visits, the Chechnya leader actively discussed the question of political asylum for him, and received a positive answer from Ankara officials. Caught in the act, the Turks hastened to back down.

This story, however, seems to enable conclusions that reach farther than the by now routine statements about a lack of agreement between Russian leaders. In all likelihood, this disagreement betrays the lengthy waffling between two courses of action that were discussed. First, to capture Dudayev and bring him to justice in strict accordance with the law (this in fact is reflected in the Russian Federation Foreign Ministry statement to the effect that should any country give Dudayev political asylum, Russia would demand his extradition). Second, to send Dudayev into "gilded exile" in the same manner the Americans dealt with the Haiti junta (something the president said, expressing the wish to have Dudayev sent anywhere as long as the place is far away from Russia).

Understandably, the second option is more preferable because if it comes to a court trial, there may surface things that will be rather unpleasant for a number of representatives of the former and current Russian military-political elite. If this option is indeed being worked on, however, the Halifax statement promptly reported by INTERFAX cancels it. It only remains to state the banal truth: the job of special services is to procure information; a politician's job is to use it in the right way.

Basayev Believed Headed for Resort Areas

MM2806132295 Moscow KOMSOMOLSKAYA PRAVDA in Russian 28 Jun 95 p 1

[Report by correspondent Aleksandr Yevtushenko: "Will Basayev Go to Kislovodsk or Pyatigorsk?"]

[FBIS Translated Text] "Tomorrow I am going to a Russian city where 63 gunmen are waiting for me. If the talks in Groznyy lead to the end of the war, we shall return quietly and peacefully to Chechnya. If, through the fault of the Russian side, the talks are wrecked and the war continues then we already know what to do next," Shamil Basayev said yesterday.

In the evening of the same day, according to the latest reports from the Federal Security Service directorate in Mineralnyye Vody in the Caucasus, the unloading of weapons had been noted in the Karachayevo-Cherkessia mountains. They were brought here, the local security service leaders believe, along the passes across the Great Caucasus range from Abkhazia, bypassing the border posts.

Having analyzed the information, the leader of the Caucasus Mineralnyye Vody Federal Security Service leadership has concluded that this time Basayev has decided to stop in one of the region's resort cities. Most likely this is Kislovodsk or Pyatigorsk. The season is at its height in the resorts and there are many visitors from various Russian cities. Basayev already knows how to get past the militia posts and there are many byroads and cart tracks. It looks as though this time the terrorist has chosen a somewhat different tactic for his visit. The gunmen are infiltrating the "target" in ones and twos beforehand and the main saboteur arrives by the beginning of the second round of the talks. Incidentally, it is not ruled out that all this is simply blackmail.

Article Profiles Chechen Leader Basayev

954F2648A Nalchik GAZETA YUGA in Russian 23 Jun 95 pp 1-2

[Report by Zarema Khadartseva: "Shamil Basayev—Hero of Abkhazia and Anti—Hero of Russia"]

[FBIS Translated Text] A former Abkhaz field commander, who was until recently on friendly terms with

Shamil Basayev, lives in Nalchik. At the request of GAZETA YUGA, he told us what he knows about this man.

Shamil Basayev is 34 years of age. He is a native of Vedeno. An engineer by specialty, he went to school in Moscow.

From the first days of the Chechen revolution, Shamil Basayev was one of the most committed supporters of the idea of Chechnya's independence. But initially he remained in the background. His name became widely known after the Chechen brigade that he had led returned from Abkhazia.

In Abkhazia Shamil Basayev had commanded the Bzyb front. He was famed for conducting operations with the minimum losses. By an edict of Vladislav Ardzinba the title "Hero of Abkhazia" was bestowed on Basayev. He is a colonel of the forces of the Confederation of Peoples of the Caucasus.

At the end of the war he married Indira, a 17-year-old Abkhaz, and brought her from Gudauta to his parents' home in Vedeno. He had an eight-month-old son, Idris (his wife, son, and parents, and numerous relatives of Basayev died during the assault on Vedeno by Russian troops: A vacuum bomb hit his house).

Upon his return from Abkhazia, Shamil formed in Groznyy on the basis of his brigade a well-trained army subunit, which became Dzhokhar Dudayev's main support. It was this that routed Ruslan Labazanov's opposition grouping.

Basayev had a serious conflict with Dudayev, when the latter refused to help Abkhazia with weapons and, in particular, did not send aircraft, for which an airfield had been built specially. Nor did he approve of Dudayev's support for Zhirinovskiy (it is rumored that the LDPR leader received a million dollars from the president of Chechnya). But considering Dudayev a symbol of Chechnya's freedom, he remained devoted to him to the end.

The urge to freedom moves him to write verse—he writes in Russian and Chechen. Basayev wrote the words to anthem of the Chechen brigade that fought in Abkhazia.

Shamil Basayev is a man of profound faith: He performs the namaz five times a day and does not drink. The green band on his head is a sign of membership of the regiments of Islam. The inscription in Arabic reads: "All in the name of God."

During a conversation with his Nalchik friend at the end of May, Shamil Basayev observed: "When we fought Labazanov, we had three tanks. One took 11 hits, but it emerged unscathed. But of some Russian tanks that stormed Groznyy, nothing was left. I view this as a sign of Allah: We are on the right track."

The terrorist act in Budennovsk was Basayev's second. When, in 1991, Russian troops approached the border of Chechnya for the first time, Basayev hijacked an airplane with hostages and had it land in Turkey and subsequently returned safely to Groznyy.

But he had nothing to do with the seizure of the bus and the hostages near Pyatigorsk at the time of the Abkhaz events, which KOMSOMOLSKAYA PRAVDA attributed to him; this was organized by Ruslan Galayev. According to my interlocutor, it made its way into Abkhazia in the same group as Basayev—and without any obstacles on the part of the authorities. On the contrary, in Kabardino-Balkaria and Karachay-Cherkessia, the police accompanied the bus with volunteers, securing a clear passage for it.

"When I was last in Vedeno, Shamil said: Unless Moscow stops wiping out Chechens, we will start combat operations on the territory of Russia. I did not attach any particular importance to his words at that time, not taking this statement seriously. And I recalled them when I learned about the seizure of the hospital in Budennovsk. He will go on until the end. I have never seen him with much money or possessions, he did not even have an imported make of car. He is a fighter for an idea, a condemned man," the Nalchik Abkhaz emphasized.

Storming of Budennovsk Hospital Claimed 20 Lives

LD2906085195 Moscow ITAR-TASS in English 0733 GMT 29 Jun 95

[By Nikolay Stayzhkin]

[FBIS Transcribed Text] BUDENNOVSK, June 29 (ITAR-TASS) — The storming of Budennovsk's hospital, where the Chechen gunmen led by Shamil Basayev held hostages for almost a week, added 20 deaths to the previous toll of the bloody Chechen raid.

However, it remains to be investigated whether bullets of the gunmen or of Russian special operations forces caused those deaths.

ITAR-TASS was told today in the Stavropol territorial forensic medical service that its experts had finished postmortem examination of all killed.

It has been ascertained that the gunmen slew 82 passersby, people in workplaces and policemen who resisted the terrorist gang; five hostages were killed by the gunmen in the hospital.

A total death toll of the Budennovsk tragedy is 122. This number does not include those who died later of distress-induced exacerbation of diseases.

The forensic service confirmed that the gunmen spreed fire at the elderly, children and pregnant women. At the same time, the forensic studies did not confirm media reports that the gunmen mutilated corpses, threw newborn babies from windows or raped women.

Medical studies of wounded people and hostage patients of the Budennovsk hospital are coninuing.

Search for Illegal Budennovsk Residents Organized

LD2806175095 Moscow ITAR-TASS in English 1515 GMT 28 Jun 95

[By Nikolay Styazhkin]

[FBIS Transcribed Text] BUDENNOVSK, June 28 (ITAR-TASS) — Budennovsk authorities have organized a search for persons illegally residing in the city for a long time, violating the passport regime, ITAR-TASS was told at the city interior department.

A daily raid of the local hotel, hostels, and leased private apartments revealed 41 violators, 15 of whom were fined. Five local residents were fined for leasing apartments to persons who have no passport residence registration.

The inspection is carried out at a demand of participants in unsanctioned rallies held in this city in southern Russia after Basayev's terrorists retreated from Budennovsk last Wednesday covered by a live shield of 123 hostages. The gang attacked the city two weeks ago and held hundreds of local residents hostage for five days.

The inspection is based on the resolution of the Stavropol territorial duma, adopted last November with account of Stavropol's geographical proximity with Chechnya and other hotbeds of tension in North Caucasus.

In accordance with this law, violators may be fined to the sum equalling ten minimum monthly salaries, while persistent violators may even be arrested for a period up to ten days.

The city administration has announced the beginning of the operation over the local radio. Persons illegally staying in the city were offered to leave Budennovsk or to undergo registration.

Such inspections have become common practice not only in Budennovsk, but also in all other cities and regions of Stavropol territory. Starting last November, 7,349 violators were revealed in the territory. They were fined to the total sum of 400 million rubles, and 900 most persistent violators were subjected to administrative arrest.

Situation 'Tense' on Chechen-Dagestan Border

LD2906100295 Moscow Russian Public Television First Channel Network in Russian 0800 GMT 29 Jun 95

[Report over video by correspondent D. Beybutov; from the "Novosti" newscast]

[FBIS Translated Text] [Announcer] The situation remains tense on the administrative border of the Republic of Dagestan, especially in Botlikhskiy district.

[Beybutov] This was the topic of a detailed discussion at the district authorities' offices which was joined by the border troops' command, the regional security service of the Russian Federation, the heads of local law enforcement agencies, and interior troops from other regions of the country which came there to assist the local authorities. They have had to repel attacks from the Chechen militants many times and it must be admitted that there are casualties. In just one clash during the night of 18-19 June four men of the Botlikh special purpose border detachment were killed and nine were wounded. Residents are also tired of provocations and direct attacks on border posts near the villages of Botlikh district.

[Begin Danilenko recording] The situation remains tense today. There is a great possibility of militants attempting several times to attack border posts and to break through into the territory of Dagestan. According to the data we have, in this particular area on these approaches there are about 400 militants who are trying to find such a possibility. All roads are sealed off. We are in control of the situation. [end recording]

Antiterrorism Measures Taken in Khabarovsk Region

LD2906083795 Moscow ITAR-TASS in English 0706 GMT 29 Jun 95

[FBIS Transcribed Text] KHABAROVSK June 29 (ITAR-TASS) — Some 1,500 officers of law enforcement agencies took part on Wednesday [28 June] in the Arsenal operation, held within the framework of measures to prevent acts of terrorism and gangsterism, which are being taken on a national scale.

During the first day of the operation 58 pieces of fire arms were confiscated, including 38 pieces of rifle weapons, hundreds of cartridges, fuses and other munitions. According to the information of the Interior Ministry Department of the region, weapons are being preserved in a poor way, especially at army units, where cases of the stealing of grenades, cartridges and explosives have become more frequent of late. Fifty launching rails for the launching of combat missiles were stolen from the territory of one of the army units a week ago.

Astrakhan Steps Up 'Measures' To Maintain Order

LD2806212295 Moscow INTERFAX in English
1747 GMT 28 Jun 95

[FBIS Transcribed Text] MOSCOW, June 28 (INTERFAX) — Measures for maintaining order have been stepped up in the Astrakhan region, Tabarak Mukhatov, deputy head of the regional administration, told INTERFAX Wednesday [28 June].

Police tightened control over highways, railways, ports and other vital places, he said.

Additional Interior Ministry forces were deployed in the Limansky area, in the southwest of the Astrakhan region, where about 6,000 refugees from Chechnya live, said Mukhatov.

Chuvashia's Fedorov on Conference With Yeltsin

MK2906080095 Moscow OBSHCHAYA GAZETA in Russian
No. 26/102, 29 Jun-5 Jul (Signed to Press 28 Jun) p 1

[Ye.D.-signed report: "President Is Asked Not To Rush"]

[FBIS Translated Text] The Russian Federation president held a conference with heads of Russian Federation republics on 27 June. Chuvashia President Nikolay Fedorov, one of the participants in the meeting, gave some of its details to OBSHCHAYA GAZETA:

The president informed us that the talks held with leaders of parliamentary factions indicates that the Duma became frightened at what it had done because it may affect its own future. "Therefore, they will vote for confidence in the government on 1 July," Yeltsin vouched. But there, Viktor Stepanovich [Chernomyrdin] looked at Boris Nikolayevich in surprise and rejoined: "Really?" All signs are that the premier is not as optimistic as the president. Yeltsin then mused and said the same thing but differently worded, that "they will not be voting for no confidence in the government any more."

In the meantime, the heads of republics were saying in the conference that it is necessary after all to look into the actions of individual ministers. From many nuances in Boris Nikolayevich's behavior at the meeting, one can assume that he is ready to remove one or two ministers — although it is apparent that the president is vacillating and has yet to make the final decision. As he put it, he first wants to hear the Security Council's conclusions on Budennovsk. Some republic heads advised that the president should not be in a hurry, saying he should not give in to the State Duma and make personnel decisions under its pressure. If he is to unseat those ministers who acted incompetently, he should not do it in a linkage with the question of confidence or no confidence in the government. The more so, this should not be done before parliament votes. They think the president should send a signal that he makes decisions independently, without pressure from the State Duma.

Debt Problem Cuts Power Supply in Stavropol

MM2806125295 Moscow KOMSOMOLSKAYA PRAVDA (Business Tuesday Section) in Russian
27 Jun 95 p 2

[Report by Irina Kiryanova: "Turning Off the Switch?..."]

[FBIS Translated Text] The electricity situation in the Kuban is difficult. Only three of the eight power units at the Stavropol GRES [state regional electric power station] are operational and there are not enough funds to buy gas and fuel oil for local power stations. The defaulting problem is leading to some tough decisions. The measures to write off debts due to nonacceptance have not had the desired result. According to Boris Ivanovskiy, deputy general director of the Krasnoyarsk Kray Economics and Forecasting Department, enterprises that owe money for electricity are now simply being cut off from the network.

Economic Issues

Secret Central Bank Telegram Urges Cash Reduction

MK2806124095 Moscow SEGODNYA in Russian
28 Jun 95 p 1

[Report by Andrey Grigoryev in the "Money" column: "A Central Bank Telegram Again Undermines Trust in the Ruble. The Movement of Cash Will Be Placed Under Strict Control"]

[FBIS Translated Text] On 23 June, the chiefs of territorial Central Bank administrations — and yesterday, bank chiefs — received a confidential telegram signed by Arnold Voylukov, Central Bank first deputy chairman. To "maximally to reduce the cash in circulation," the document orders the following: that prompt measures be taken to ensure the fullest possible collection of cash from all economic bodies to bank tills; that the cash balance in the banks' cash departments and settlement and clearing centers be brought to a minimum; that settlement and clearing centers ensure before 30 June the full transfer of banknotes from circulation cash departments to reserve funds; and that the issuance of cash is limit to the minimum for purposes other than payments from consumption funds, pensions, allowances, and subsidies to savings banks and communications bodies.

The population is already accustomed to the idea that the authorities can at any moment launch some reckless cash undertaking. Having twice experienced a tough and desperate struggle to save their own money, Russian citizens are extremely sensitive to any decisions in the sphere of cash circulation. Therefore, the appearance of the telegram, regardless of the real intentions of its authors, inevitably provoked a wave of rumors, speculation, and comments. With it came a distrust in the national currency. Unfortunately, no official comment was available from the Central Bank. Press Service officers observed to SEGODNYA's correspondent that "they have no official comment to make on a confidential document."

One of the most popular, although not very probable, versions is another reform of cash circulation. The law On the Central Bank, however, can hardly be violated immediately after adoption (it expressly forbids confiscatory measures in the sphere of cash circulation). It is more likely — and this was confirmed by sources in the Central Bank — that the measures prescribed are aimed at tightening cash discipline by banks and enterprises. The efficacy of such a procedure, however, does not appear very high. Both the "economic bodies" and banks have many simple methods of promptly bringing the size of cash balances in line with the established quotas.

Therefore the appearance of the telegram and the absence of official explanation still causes some concern. At least the limitation on the issue of cash recalls the tough "cash" struggle of first post-Soviet years, which, however, brought no real effect.

Central Bank Regulates Mandatory Sale of Currency

LD2806173095 Moscow ITAR-TASS in English 1446 GMT 28 Jun 95

[FBIS Transcribed Text] MOSCOW, June 28 (ITAR-TASS) — The new regulation on mandatory sale of 50 per cent of hard currency revenues by Russian exporters, introduced by the Central Bank on Wednesday [28 June], is a fresh measure aimed at curbing the further decline of the dollar/rouble exchange rate, a commentary of the National Financial Bureau prepared specially for ITAR-TASS says.

The current practice of establishing the official currency exchange rate is based on results of auctions held at the Moscow Interbank Currency Exchange, the commentary says.

The new system of selling exporters' hard currency revenues is supposed to limit the flow of hard currency offered for sale at exchanges and to channel it to the market beyond the exchanges. This should slow the plunge of the official dollar/ruble exchange rate.

The dropping exchange rate of the U.S. dollar and other freely convertible currencies has already placed export-oriented sectors of the Russian economy in an extremely difficult position. These include the fuel and energy complex, forestry, the pulp and paper industry, non-ferrous metallurgy, the National Financial Bureau comments.

The commentary says at the same time that experts believe that the step taken by the Central Bank is somewhat overdue. Over the past two weeks, major banks representing particularly export-oriented sectors have been taking constant effort towards raising the dollar exchange rate.

The decrease in the volumes of hard currency sales at the Moscow Interbank Currency Exchange will simplify this effort, which may lead to a considerable hike of the official dollar exchange rate, rather than stabilization planned by the Central Bank, already in the nearest weeks.

Reasons for Increase in Ruble Exchange Rate Viewed

MM2906091895 Moscow IZVESTIYA (Financial Section) in Russian 27 Jun 95 p i

[Report by Sergey Mitin: "Currency Review"]

[FBIS Translated Text] It looks as if the Central Bank has become somewhat apprehensive at the rapid increase in the ruble exchange rate. The sudden excess of demand over supply on Wednesday and Thursday by $98 million and $207 million strongly suggests that the Central Bank made a powerful intervention in the initial demand.

The macroeconomic conference one week ago at the Central Bank demonstrated that the strengthening of the ruble did not worry serious economists very much. Representatives of the Economics Ministry, the Finance Ministry, and the Central Bank succeeded in persuading those present that the fall in the dollar exchange rate was caused by objective factors. Mainly, the problem was that the process of strengthening the ruble had not been completely planned for and proved to be uncontrollable. One participant in the conference very reasonably pointed out that the Central Bank did not take responsibility for guaranteeing the security of people's savings by maintaining the dollar at a high exchange rate. On the other hand, exporters compensate for their losses by an increase in domestic prices.

Also, foreign currency is a major budget component. That is, currency loans are one way of financing the deficit. Under these circumstances, it is essential for the Central Bank to observe the average annual exchange rate of 4400 rubles [R], which was set when the 1995 budget was drawn up. This will probably be the major factor in determining the ruble exchange rate. It is a matter of honor to the present government to stick to the current budget.

This is why political destabilization is so dangerous. A change in the exchange rate may upset the delicate balance that has developed in the money market, and then hopes for financial stabilization really will prove to be illusory.

In the short term, we should expect an insignificant decline in the dollar exchange rate. Clearly, a certain amount of money will be in constant circulation between the currency market and short-term state bonds-OFZ [expansion unknown]. State securities provide a significant profit compared to foreign currency, and their volume constantly increases. Even today the market for short-term state bonds-OFZ is valued at R35 trillion.

Another way that funds have been diverted is through the Central Bank, which is beginning to attract deposits from commercial banks. An elegant system of monetary circulation and the use of various mechanisms permits the economic departments to control the economic situation.

Rules Change for Mandatory Sale of Export Revenues

LD2706205795 Moscow INTERFAX in English 1431 GMT 27 Jun 95

[FBIS Transcribed Text] MOSCOW, June 27 (FIA) — The Central Bank's board of directors has changed the rules for the mandatory sale of 50% hard currency revenues received by Russian exporters.

Russian enterprises will be able to sell 50% of their export revenue in hard currency on the interbank market as well as on nine authorized currency exchanges beginning on June 28, Viktor Melnikov, director of currency regulation at the Central Bank told reporters today.

He said that the new rules will help model the nation's currency legislation to real market conditions and liberalize the currency market. "We have actually formalized the practice which has already been established, when exporters sell hard currency earnings on the market, but not necessarily through special currency exchanges," said Melnikov.

According to Deputy Director of the Central Bank's Foreign Operations Department Sergey Shcherbakov, this will make it possible to more evenly distribute export revenue in hard currency among both segments of the domestic currency market, which will create a balance in exchange rate proportions and help stabilize the exchange rate of the ruble.

Shcherbakov said that if trading volume drops drastically on the Moscow Interbank Currency Exchange (MICEX), the Central Bank will review its method of forming the official exchange rate for the ruble against hard currency, which is currently based on MICEX trading.

Central Bank experts said that the mandatory sale of hard currency export earnings is not a determining factor on the country's currency market today and fluctuates around 15-20% of the overall supply on the market.

Chubays Urges Banks To Move to Direct Investments

LD2806220995 Moscow INTERFAX in English 1833 GMT 28 Jun 95

[FBIS Transcribed Text] Moscow, June 28 (INTERFAX) — Commercial banks should focus on direct investments rather than financial speculation, a government commission for improving the system of payments and settlements under chairmanship of First Deputy Prime Minister Anatoliy Chubays concluded in Moscow Wednesday. The commission discussed the banking system's stability and the protection of commercial banks' clients and creditors under conditions of falling inflation and a strengthening ruble, according to press release sent to Interfax.

The commission approved the central bank's proposal to create a system to spot banks on the verge of bankrupt before the fact. The Finance Ministry was instructed to join efforts to flesh out this system together with the State Property Committee and the Federal Insolvency Department.

The commission also discussed guarantees for small-sized depositors. It was decided to step up the creation of a federal fund for the mandatory insurance of the population's savings.

Chubays supported using state money to create such a fund and to introduce a special article for this purpose in the 1996 federal budget.

The commission instructed ministries and bodies and recommended the Russian Central Bank develop a procedure for commercial banks' merging and purchase and submit proposals for its implementation to the government.

The commission discussed the carrying out of payments for goods delivered to the country's Far North and places with equally adverse climatic conditions. It was established that the delivery of food and industrial goods to those areas had been unsatisfactory despite better fulfillment of budget goals. The commission appealed to the Finance Ministry to ensure money is transferred in accordance with schedule. It also warned local administration heads of the need to repay earlier-granted credits to the state, according to the press release.

Nonpayments to Budget, Indebtedness Continue Rising

MK2906085095 Moscow SEGODNYA in Russian 29 Jun 95 p 2

[Report by Elmar Murtazayev under the "Solvency" rubric: "The Government Recommends That Banks Move From Speculation to Investment. In May, Non—Payments Into the Budget Rose by 14.3 Percent"]

[FBIS Translated Text] First Vice Premier Anatoliy Chubays said yesterday at the meeting of the Russian Government's Executive Commission on Perfecting the System of Payments that commercial banks should direct their activities primarily toward making actual, direct investments by redistributing their financial resources from the sphere of financial speculation. The meeting dealt with the work of the banking system "under the conditions of falling inflation and the strengthening of the ruble."

The commission considered the Central Bank's proposal on creating a system for the early detection of banks that are in a precritical state. As decided by the commission, banks "in crisis" will be uncovered by the Russian Federation Finance Ministry, the State Property Committee, and the Federal Administration on Matters of Insolvency — in addition to the Central Bank. It was also decided to speed up the creation of the Federal Fund for Compulsory Insurance of People's Savings. In Mr. Chubays' opinion, when creating this fund, it is necessary to use state funds and to envision a specific spending item in the 1996 budget for this purpose. Ministers and agencies were also instructed to develop a procedure for merging and absorption of banks.

The situation with payments for the delivery of products and goods to Far North regions was also examined at the meeting. According to the commission's representatives, "until now, the delivery of products has been unsatisfactory." In this connection, the commission instructed the Finance Ministry to ensure the transfer of funds in accordance with the schedule of deliveries to northern regions, and "harshly warned" local administration leaders that money that had been borrowed for regional funds from the federal budget needed to be returned.

Meanwhile, according to the information of the Working Center for Economic Reforms (WCER) at the Russian Federation Government, there was a marked rise in nonpayments into the budget in May, amounting to 14.3 percent. At the same time, the trend of rising credit and debit indebtedness — 5 percent and 2 percent respectively — persisted. According to WCER estimates, solvency grew worse in May in the areas of construction and transport, whereas in industry and agriculture, the situation did not change. Nevertheless, in center experts' opinion, the general situation with nonpayments in the country remains stable — first of all, because of a decrease in industry debts by 2 percent. As for total state wage arrears, in May they declined by 6.3 percent.

Unemployment Rates Reduced From Peak in Feb

LD2906101495 Moscow ITAR-TASS in English 0935 GMT 29 Jun 95

[By Lidiya Kuznetsova]

[FBIS Transcribed Text] MOSCOW June 29 (ITAR-TASS) — The unemployment rate has been reduced in Russia of late, contrary to numerous forecasts of specialists, who predicted a dramatic growth of the number of redundant workers in the country.

According to the information of the Federal Employment Service, last month the number of the unemployed went up only by 7,500, while since the beginning of 1995 the monthly growth rate has amounted to tens of thousands of people. The record-high level of unemployment was reached in February — 128,000. In May the number of the unemployed grew in 18 regions of the country. It was reduced in 38 regions and changed but slightly in the remaining ones. At the beginning of the month 2,331,000 Russian citizens looking for a job were officially registered at the Federal Employment Service. A total of 1,993,000 of them were recognised as unemployed.

When analysing these figures, one should bear in mind that the Federal Employment Service is citing figures, which characterise only official unemployment. According to the information of the Russian Ministry of Labour, 92.3 per cent of the economically active population of Russia are working or studying. According to the calculating methods accepted by the International Labour Organization, 5.7 million of Russian citizens have no permanent employment and are classed as the unemployed. Specialists believe that together with hidden unemployment, the unemployment level in Russia is ten to twelve per cent.

Labor Minister Urges Wage Indexation by Sep

MK2906092095 Moscow SEGODNYA in Russian 29 Jun 95 p 2

[Report by Elmar Murtazayev under the "Incomes" rubric: "Labor Minister Thinks Wages Would Have To Be Indexed to Inflation. He Does Not, However, Say Where To Get the Money."]

[FBIS Translated Text] The real incomes of the Russian population fell 20 percent between September 1994 and May 1995, Russian Federation Labor Minister Gennadiy Melikyan stated in an interview with an ITAR-TASS correspondent. In his view, the government measures taken in April and May 1995 "improved the situation somewhat but could not break the general tendency toward a decline of monetary incomes of people in Russia."

In Mr. Melikyan's words, the government "somehow" managed, before this past May, to make up for falling incomes. But "these measures were not considerable enough to turn the situation around." Therefore, Gennadiy Melikyan thinks, it is necessary to carry on appreciable measures in the field of wage payments during the coming two or three months. His ministry plans to index the minimum wage to inflation, and wages paid from the budget and other types of payments. For example, plans call for raising the minimum wage to 60,000 or 65,000 rubles [R]. In the minister's estimate, such an indexation would cost R5.5 of R6 trillion monthly, a sum to be distributed in equal shares between the federal budget and regional budgets. "Although many say there are simply no funds for such an indexation," Mr. Melikyan said, "I think we simply cannot do without a wage indexation this coming September."

The timing of the minister's statement is by no means random. The summer months are usually a time when real earnings of the population go up. For example, incomes grew 45 and 48 percent in July 1993 and 1994 from the 1991 figure. For Russia, however, it is usual for earnings to fall during autumn and winter. The situation this year changed a bit. In the estimate of Institute of Economic Analysis experts, the volume of real monetary income dropped 7 percent between January and May 1995 against the same period in 1994, and no appreciable growth is expected in the coming two or three months. Concurrently, the share of the cost of the minimum food basket reached 38 to 42 percent of the population's incomes against 25 percent in September 1994. At the same time, consumer prices, institute experts believe, will be growing in the summer at a monthly rate of 6 to 7 percent. This coming autumn, with new prices for the new "Russian" harvest and an offensive against the ruble exchange rate, looks rather bleak in this respect. Still, from what the minister said, it is not quite clear how the budget can provide R6 trillion for wage indexation and how this agrees with the financial stabilization policy. Possibly, in the opinion of government bureaucrats, numerous promises to index earnings to inflation are quite capable of substituting for the indexation itself.

Duma Supports Amendment To Stimulate Insurance

MM2906104095 Moscow IZVESTIYA (Financial Section) in Russian 27 Jun 95 p iii

[AFI report: "State Duma Budget Committee Votes For Increase in Incorporation Capital of Insurance Companies"]

[FBIS Translated Text] The State Duma Budget and Financial Committee has adopted a decision to advise a plenary session of parliament's lower house to adopt an amendment to the Law "On Making Amendments and Additions to the Russian Federation Law 'On Insurance.'" The law stipulates an increase in the minimum incorporation capital of newly created insurance companies from 150,000 to 250,000 ECU's (around 1.5 billion rubles). Legislators consider that this will "stimulate the formation of large insurance companies that could insure major industrial facilities."

International Affairs

Prime Minister, EU Ministers Discuss Cooperation

LD2806221195 Moscow ITAR-TASS in English 2014 GMT 28 Jun 95

[By Denis Pariiskiy]

[FBIS Transcribed Text] KIEV, June 29 (ITAR-TASS) — Ukrainian Prime Minister Yevheniy Marchuk met European Union ministers on Wednesday [28 June] to discuss the state of and prospects for cooperation between Ukraine and the European Union.

The closed-door meeting focused on ways to expand trade and economic ties between Ukraine and the EU and credits for Ukraine.

Participating in the meeting were the French, Spanish and German ministers, as well as EU Commission coordinator for external relations with Central and Eastern Europe and the former Soviet Union.

News Conference Held on EU Ministers' Visit

LD2906084295 Moscow ITAR-TASS in English 0714 GMT 29 Jun 95

[FBIS Transcribed Text] KIEV June 29 (ITAR-TASS) — A delegation of the European Union's ministers paid a one-day visit to Ukraine on Wednesday [28 June]. The visit is very important for working out directions of the development of relations between Ukraine and the Europian Union which one can call relations of partnership, speakers at a news conference held in Kiev on Wednesday said.

Participants in the news conference also said that evident progress began to show in relations between Ukraine and the European Union. And the visit paid by President Leonid Kuchma to the headquarters of the European Commission in Brussels on June 1, 1995 and the signing during the visit of the temporary agreement on partnership and cooperation between Ukraine and the European Union testify to it.

During the present visit the sides touched upon a wide range of issues of mutual interest. They, in particular, exchanged opinions on issues of nuclear security and introduction of the European sturcture of security, relations between Ukraine and Russia and the situation in former Yugoslavia. The sides coordinated also the priority directions of cooperation between Ukraine and the European Union.

Kuchma Visits Ukrainian-Hungarian Border Checkpoint

LD2806151395 Moscow INTERFAX in English 1357 GMT 28 Jun 95

[FBIS Transcribed Text] CHOP, June 27 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma visited the Tisa checkpoint on the Ukrainian-Hungarian border Tuesday [27 June] evening. During his stay he agreed to the proposal of several chairmen of regional councils to transfer the infrastructure of the checkpoints to the jurisdiction of local power bodies, reports our INTERFAX-UKRAINE correspondent.

According to chairman of the Transcarpathian regional council Sergey Ustich, this will help to build border passes and to increase their capacity.

Kuchma attracted attention to a line of cars, almost four kilometers long, waiting on Ukrainian territory for a customs inspection. "We lose money and the state's image because of this. On my return from Kiev I shall issue corresponding instructions on Thursday [29 June] already," he said.

Ustich also handed Kuchma a feasibility study providing for the creation of a Transcarpathia free economic zone.

The authors of this project propose that the zone should be located in the bordering region and occupy a territory of about 200 hectares. Storage facilities, hotels, restaurants, and other infrastructure facilities are meant to be built here.

Leadership of the regional council also proposes to grant to the leadership of the free economic zone the right to establish tariffs for cargo transportation in order to increase the flow of transport. About $500 million is expected to be invested in the zone in a period of five years.

On June 28 Kuchma will take part in the celebration of the 50th anniversary of unification of Transcarpathia and Ukraine. He will address a festive meeting devoted to this date to be held in Uzhgorod. On the same day Kuchma is scheduled to return to Kiev.

Kiev Beefs Up Eastern Border Security

LD2806144195 Moscow INTERFAX in English 1337 GMT 28 Jun 95

[FBIS Transcribed Text] UZHGOROD, June 28 (INTERFAX-UKRAINE) — Ukraine's border guard service has tightened control of the republic's eastern border to stop the possible penetration into the country of Chechen guerrillas, the service chief said on Wednesday [28 June].

The measure, which comes in the wake of a recent attack by Chechen gunmen on a town in southern Russia, was ordered by President Leonid Kuchma, Lieutenant-General Viktor Bannykh, chairman of the State Committee for Border Protection, told INTERFAX-UKRAINE.

Bannykh said there had been increasing attempts recently to smuggle arms and drugs across Ukraine's borders with Russia and Belarus.

The general said stronger protection of the eastern border had also made it possible to considerably reduce illegal emigration from Southeast Asia to the West. About 63% of all those who are detained for trying to emigrate illegally are stopped on the Ukrainian-Russian and Ukrainian-Belarussian borders, he said.

While in 1991 Ukrainian border guards prevented only 45 persons from illegally emigrating, last year's number was as high as 12,500, Bannykh said.

An increasingly acute problem is so-called "controlled" illegal emigration, he continued. Every month between 20 and 30 organizations are uncovered in Ukraine which try to get illegal emigrants over to the West. "That's a very lucrative business, because the normal charge for getting one migrant across the western border of Ukraine varies between one and three thousand dollars," Bannykh said.

He called for better coordination between the Ukrainian, Russian and Belarusian border guard services. He said the heaviest flow of illegal emigrants came from Russia. In the Moscow and St. Petersburg regions alone there are about 750 firms which specialize in illegal emigration, he said.

Goal of Black Sea Fleet Commander's Visit Viewed

WS2806130795 Kiev KIYEVSKIYE VEDOMOSTI in Russian 24 Jun 95 p 3

[Report by Tetyana Korobova: "What Did Admiral Baltin Bring Back From His Georgian Trip?"]

[FBIS Translated Text] The Konstantin Olshanskiy large assault-landing ship and the Kerch cruiser, which visited Georgia's territorial waters under the flag of Black Sea Fleet Commander Eduard Baltin, have returned to Sevastopol. Rumors about Black Sea Fleet units' readiness to engage in combat actions by landing another group of troops in Poti, which have been making rounds since the beginning of the Chechen campaign, have been refuted, and it was explained that the fleet is subordinated to the two presidents — Ukrainian and Russian. Obviously, the Sochi summit untied the Russian leadership's hands, at least, to conduct a peacekeeping mission. And this was the official version of Eduard Baltin's Georgian trip — to examine the situation with navigation and hydrographic services on Georgian shores, to ensure safe navigation of commercial and passenger ships, since Russia is resuming navigation between Novorosiysk and Georgian ports.

As a source from Sevastopol has confirmed, however, Ukrainian seamen do not believe this version. There are suppositions that the two ships transported to Poti between 300 and 400 Marines from the assault-landing battalion, who, over the last few months, had been intensively practicing all skills, including combat actions in mountainous areas. I have learned from a reliable source, however, that no more than 25-30 Marines went to Chechnya, as Admiral Baltin's bodyguards. Additionally, it has become known that, during meetings between the commander and Georgian leaders, the latter expressed their interest in reinforcing the Chechen-Georgian border with Black Sea Fleet subunits. Asked whether any misunderstandings would arise if the Marines participated in the Chechen events, that is combat actions, a source close to the Black Sea Fleet command responded as follows: "There will be no misunderstandings, since Ukraine and Russia are strategic partners now." This smacked of mockery.

Public and political organizations from Sevastopol — the Ukrainian Civil Congress of Crimea, the "Prosvita" society, the Congress of Ukrainian Nationalists, the Union of Ukrainian Women, and the Union of Ukrainian Officers — have issued a statement, in which, in particular, they say the following: "Dragging subunits of the undivided Black Sea Fleet deployed in Ukraine into another country's military conflicts would not correspond to the interests of our state and its peaceful policy, and would jeopardize Sevastopol residents themselves by transforming Sevastopol into another Budennovsk."

National Affairs

President Kuchma on Reunification Anniversary

LD2806181395 Kiev Radio Ukraine World Service in Ukrainian 1203 GMT 28 Jun 95

[Speech by President Leonid Kuchma on the occasion of the 50th anniversary of the reunification of Ukraine and Transcarpathia, in Zakarpatskaya Oblast — live]

[FBIS Translated Excerpt] Esteemed Transcarpathians, esteemed guests and friends. The notable date of 29 June, when the pearl of Europe, Transcarpathia, became united with the necklace of Ukraine is a date worth celebrating with dignity to mark the occasion of the 50th anniversary of the liberation of Ukraine from the fascist occupiers and the 50th anniversary of our victory in the Great Patriotic War. This nationwide holiday has become possible thanks to them, and I take this opportunity to welcome you, esteemed Transcarpathians and the entire Ukrainian people, on this occasion.

Of particular significance during this anniversary is the fact that Ukraine was virtually deprived of independence throughout its entire history. Ukraine in the last three hundred years virtually did not function as a state with a single political, cultural, and socioeconomic system. The preconditions for confirming its independent qualities were established by the final unification of ethnic Ukrainian lands in the memorable year of 1945 and it was precisely in this form that they were inherited by independent Ukraine. [passage omitted]

The president is prepared to do everything to ensure that the Transcarpathian region will provide an example of effective development, especially since there are all the necessary conditions here for that — the unique geographical position, considerable natural resources, and qualified specialists who are able and love to work. Today all this is not fully used — the share of the region in the gross domestic product is 1.5 percent and in the national product, 2 percent; less than half of the total number of deposits here are exploited. That proves that there are considerable reserves which can be and must be drawn upon. [passage omitted]

I would like to use the opportunity to discuss the general state situation, which is of concern to the people and is the focus of attention of the population of Ukraine. First of all, I would like to dwell on the economic situation in Ukraine which remains complicated and ambiguous. The 7.3 percent slump of industrial production in April and the 1 percent slump in May show that the processes of economic stabilization, which appeared in the first three months of this year, remain unsteady. Despite the considerable drop in the rate of inflation from 21.2 percent in January 1995 to 4.6 percent in May, the measures to stabilize the karbovanets exchange rate have resulted in the past several months in a sharp deterioration of the payments crisis. It has effectively paralyzed production. Nothing else could be expected. We have received another lesson which proves the known truth: the achievement of low parameters of inflation using purely monetary instruments cannot ensure steady stabilization processes. One needs to change more profoundly the basics which will provide real improvements in the production process, to change the structure of that process, and to raise the effectiveness of social orientation.

The need for such an adjustment to the course of the economic reform was defined at the beginning of April in the president's annual economic report. At the time, there was the precondition to lean on the real financial and monetary stabilization which had been achieved and to carry out the necessary moves to shift the main accents in the economic policy from the macroeconomic level to the stabilization of lower sections of the production process, first of all strengthening their financial position and their functional capacity.

However, I must admit honestly that we have not managed to carry out such a reorientation in the economic policy. During the past several months we have had to concentrate not on the economy but on politics — we had to engage in a exhausting battle over the real division of authorities between the two branches of power, the executive and the legislative. We had to do it and to break the extremely complicated knot of contradictions. As the experience of previous years shows, without doing that any attempts by the executive power to carry out a consistent and expedient economic policy would be futile.

The signing of the constitutional agreement, is effectively for the first time in all the years of the state independence of Ukraine creating new preconditions for the economic development and enabling the bodies of executive power to solve the difficult and responsible tasks of economic policy on the basis of the achievement of political stability in society. This agreement also considerably strengthens the position of the Supreme Council, which in effect for the first time is able to concentrate on fulfilling its direct functions — ensuring the legislative process. However, we are significantly lagging behind in that respect and are only starting the creation of a legal basis of market economy.

The same can be said about local councils of people's deputies. One has to halt political speculations which continue to incite passions in society under the pretext of farfetched grounds for their liquidation. The councils continue to work as bodies of local government. They will have enough work. One is only talking about the liquidation of the unnatural vertical structure of councils.

We should all carry out our direct obligations and work in a single lawful sphere where the tasks should be set by the Supreme Council. I repeat, this will create favorable political opportunities to carry out the chosen policy of economic reforms in a more consistent way and we should make full use of them. History will not forgive us if we fail to do this. Today's watchword and the credo of every branch of state power both in the center and in the localities should be: from political to economic stability. The formation of a new government will soon be complete. I will do everything possible to ensure that the new government is composed of competent, pragmatic and like-minded people — a government which by its actions and professionalism will be capable of uniting society and commanding respect and trust among the people.

The pivot of the government's economic program, which will be submitted for the Supreme Council's consideration in July, is the implementation of policies on introducing profound economic reforms, and strengthening their stimulating influence on productive processes and the direction of society. It should be a specific plan of action that defines the boundaries of the president's economic strategy and it should include perspective measures aimed at resolving the tasks of further financial stabilization — the structural reorganization of the national economy, substantial support for domestic producers, deciding the complex range of issues affecting social development, and raising the people's living standards. In this regard, it is extremely important that society forms a clear impression on the basic aim of productive stabilization, which we should achieve this year. We must overcome the decline in output in the second half of this year that occurred in the last two months and on this basis create the necessary conditions for overcoming the crisis in the development of production and for entering a phase of consistent economic growth in 1996. The activity of the new government should be devoted to the task of achieving this clearly definable aim. I would like to stress that this task is not only for the economy. It concerns every ministry, every region and district, and every workers' collective. Every leader, from ministers and chairmen of local state administrations to company directors and heads of organizations, is faced with the single issue of overcoming the decline in output in 1995 and the predicted decline in the second half of the year.

In order for you to understand the complexity of achieving such a task, I would like to remind you that the decline in industrial output in 1994 was almost 28 percent. At the same time I would like to stress that according to calculations this task is wholly realistic. The first quarterly statistics when we succeeded in maintaining output at a virtually unchanged level prove this.

The Transcarpathian region and, in particular, the town of Mukachevo, which we visited yesterday, can be an example, where the level of industrial production in the five months not only evened out, it even increased somewhat. People are workers and explorers, which is why such people and such regions, indeed, deserve all the support they can get.

To us, effective support for production is strategically important. It will ensure Ukraine's integration into the world market in its capacity as a highly developed country, rather than a banana republic. The government is to earmark the sectors and specific enterprises that have preserved the world standards of technology or are capable of achieving those, and to draw up the respective state programs. These are national projects for Ukraine to supply itself with energy and to develop the agro-industrial complex, aircraft manufacturing, shipbuilding, gold production, nuclear power engineering, the aerospace industry, and so forth. It is these programs that will determine the priorities in our development. The possibilities of providing them with investment should be found, allowing for special articles in the state budget. We shall economize in everything but shall at all costs back these plans, because they are crucial to the future of the nation and the state.

There can be no further delays in setting up financial and industrial groups, either. I was very pleased to hear today that the Supreme Council, after all, passed this law on first reading, while the government must ensure their implementation in practice. During the Sochi meetings with the Russian leadership alone, preliminary agreement was reached on the implementation of some 30 joint Ukrainian-Russian projects. They should be put in place as soon as possible, although this does not mean that we are closing the door to these groups on capital from other states. They are welcome. What should be done for this and what steps should additionally be taken is to be decided by a new government. This, if you wish, will be one of its most rigorous tests.

I can say the same about the heads of local state administrations, enterprises, and organizations. Do not wait for instructions from above. Please make proposals from below.

As for the state in general, we above all have to undertake quite a complex and important move in order successfully to attain our goal in this area. It is to correct the earlier parameters of monetary stabilization and allow some relaxation in our monetary policy. This one of the key elements and I would like to speak in greater detail on its substance.

The factor that is now determining the slowing-down of production is the payments crisis, which has many sides to it and which (?affects) the structural weakness and low efficiency of our economy. Any structural improvements, however, are only possible given the availability of credit resources. Artificially, we to a large degree have neutralized this essential factor and thus chased the problems of restructuring into a dead end. Because of this, we have to make the necessary corrections in the earlier perception of the principal aim of monetary stabilization, being the rate of inflation at no more than one to two percent monthly at the end of this year. For those who think than in reality future developments in the economy are quite predictable: it is impossible for us to achieve this aim as early as this year. This is a task for 1996 or maybe even 1997.

This year, inflation has to be contained at the level of four to five percent, which will enable us to make the necessary corrections in the issue of credits and, thus, to maintain the production processes in the state.

I would like a new government, on the basis of the respective calculations, to also make a decision on this issue. What is most important to us is to retain control over the process of inflation and to avert a new round of inflation in the winter and autumn period, as was the case in all the previous years.

I would like to state again that there is now a real threat that we will fail to sustain the price stabilization and will be thrown suddenly into another cycle of production slumps. We should not allow that. Our economy, as well as the whole functioning social and political system, will not survive that. I would like all of us to be fully aware of this threat.

It is this course of action that requires appropriate changes in the monetary and credit policy of the National Bank, and a more precise definition of the main parameters of the emission process. It is necessary to begin negotiations with the IMF which gives us credits under the working economic program. I hope that these issues will be understood by the Supreme Council. I repeat: to raise the issue of carrying out a radical structural reform in the economy and not to ensure for the necessary credits is economic nonsense.

I was convinced of that once more when I took part several days ago in the work of the extended meeting of the board of the Ukrainian Union of Industrialists and Entrepreneurs, during which a fundamental highly professional conversation about those issues took place. I also saw the proof of that here when I visited your enterprises.

There is another aspect of this problem. How are the additional credit resources, which we can receive if the necessary adjustments are made to the planned price dynamics, to be used? I stress again: we will not agree to production for its own sake, including not viable enterprises whose goods are not in demand even on the domestic market. Such enterprises must change their profile or even be closed. Unfortunately there is no alternative here. Therefore one has to solve this issue straight away. The new government must immediately begin solving of this issue in a professional way. Losing time in solving this problem is lethal.

However, the issue of additional credit resources has another aspect. One knows very well that the main portion of credit resources is now swallowed up by the budget deficit. Some steps have been taken this year in order to stabilize the state budget. That is not enough, however. I have instructed the government to develop within a month a specific plan of action in order to ensure a deeper degree of coordination of the budget for 1996. This also has to become one of the defining elements of the program of action of the new government. First of all, it means a substantial reduction in the financing of the budget deficit at the cost of the credit resources of the National Bank. Such financing should not exceed one to tow percent of the gross domestic product. This is a line which we should not step over. One has to be realistic in defining the budget deficit for 1996. One should not exceed the limits in that, too. [passage omitted]

Such an approach will make it possible to ensure both the increase in the volume of credits for production and to further deepen financial stabilization which will remain a priority for us. In order to perform this task, the government must be more active in utilizing the mechanism of the market of state securities. We cannot continue to increase taxation pressure in defining budget sources. It must be the other way round, brave steps must be taken to release it considerably. Without that, production will not pick up. This issue was justly raised yesterday by the directors of your enterprises.

On the other hand, one cannot rely on the increase in foreign loans. Quite the opposite: the government must develop a special program, the implementation of which would enable Ukraine, starting from 1997-98, to give up the relevant credits of international financial establishments.

In connection with this, to actively to master the budget of the internal market of financial resources is, to us, the decisive task for us to work on and carry out with perseverance.

The same can be said about trying to find ways to accumulate budgetary revenues from the shadow sector of the economy. See for yourselves: there are almost 175,000 billion karbovantsi in circulation outside the banks at present. This equals the volume of credit resources that, under a National Bank of Ukraine program, is to be provided for the government in 1995. This is how bad it is.

Another problem is this. I have repeatedly expressed my concern at the state of affairs in banking. The crisis today is on an increasingly larger scale engulfing this key element of our economy, which is an extremely dangerous phenomenon. The leading banking circles, however, still lack the understanding that the realistic way out of this situation is to ensure the synergy of banking and industrial capital.

This has been complicated by the fact that the executive authorities now have virtually no influence on the development of bank credits. Here is an example:

On 14 April, the Cabinet of Ministers and the National Bank passed a joint resolution to provide state credit support for enterprises in 1995 by way of pinpoint assistance to the key enterprises identified by the government and awarded that right in a competition. These are the enterprises that are laying the proverbial golden eggs for our economy. However, the implementation of this task, which is most important to our economy, has been practically blocked. Under the scheme, only a few enterprises were able to obtain credit resources.

In view of this, concrete measures have been made ready to revise ownership relations between the state and the grand threesome of specialized commercial banks, Prominvestbank, Bank Ukrayina and (?Sotsbank). These banking establishments, which hold the key positions in forming credit resources, used to be in state ownership. I have not yet raised the issue of their nationalization, although I cannot rule out this move, so often resorted to, incidentally, by the Western states. The question is one of increasing the share of the state in the structure of those banks' joint stock capital and reinforcing, on such quite a civilized basis, the influence of executive power on their activity.

Also extraordinarily acute is the problem of servicing the state budget, which now consumes over two-thirds of Ukraine's national income. The state has no influence on the circulation of these financial resources. Think again: two-thirds of the resources go to the commercial banks, with the state having virtually no say in this. This is nonsense.

The executive authorities at present are considering the formation of the budget bank, a specialized banking establishment which could undertake the performance of this function.

The same can also be said about the land bank. The agrarians have long ago raised the issue of setting it up. We, however, have not been able to resolve it at all. The executive authorities, in effect, have no such power.

The anti-crisis activity has been seriously hampered by the insufficiently strict personnel policy and the low level of discipline. We shall draw the necessary conclusions. We shall no longer put up with irresponsibility and inefficiency. Nor have we this right. [applause]

First of all, this should be noted by the heads of the ministries and departments: a conscientious attitude to one's job and effectiveness of managerial activities of the ministries will be taken into consideration when new composition of the government is defined. I can say already now that a number of key ministries and departments will be headed by new leaders. The constitutional agreement grants the president fundamentally new possibilities to influence the situation in the field. A vertical executive structure has been created. Heads of local state administrations will be appointed with reference to the results of their practical work in previous offices. I have recently signed a decree on redrawing contracts with directors of state-owned enterprises. The directors' corps is being renewed. This is one of the ways to revitalize the economy. We have hundreds of highly qualified directors of enterprises who are talented production organizers. [passage omitted]

I also believe that in order to ensure the necessary interaction between the legislative and executive branches of power it is expedient to set up a consultative body in the form of a supreme economic council, which could take upon itself the function of coordinating key issues of the economic policy of the state. The idea of creating such a council, which includes, apart from the president, the head of the government, deputy prime ministers, and key ministers, the head of the Supreme Council and his deputies, heads of the economic commissions and some other officials, was put forward by me as far back as October, 1994. However for already-known reasons I could not take such a step at that time. Today, after the constitutional agreement has been signed, this measure can prove sufficiently effective. To say more, we need to fulfill daily the agreements that have been reached between the two branches of power with constructive content. This is required by everyday life, and the difficulty of the tasks which society faces. I am convinced that the creation of a supreme economic council would be one of the weighty steps in that direction. I hope that in this, I will also be supported by the parliament. [passage omitted]

As for the problems of Transcarpathia, your leadership and I have discussed them in detail. They will once again be looked at by the government. I shall openly say that, to me, it was a discovery that Transcarpathia is not only a wonderful country with its own particular and unique possibilities for agricultural production and for health improvement, it is also a region that has considerable industrial prospects. That is why I believe that, at long last, we shall put an end to talk on a special economic zone. It simply must be created and I shall do all I can to do so. [applause].

Esteemed friends, I once again sincerely congratulate you all on the occasion of the national date of the consolidation and unification of our people, demonstrated, in particular, by the presence at the ceremony of a representative delegation from the Supreme Council and chairmen of regional councils, the many events at state level, and the festive presentation of the region at the Supreme Council of Ukraine session. I wish all of you and all of the Ukrainian people well. I wish you peace, and the belief in and hope for a happy and affluent life. We shall build a prosperous Ukraine by our joint efforts and in our unity. [passage omitted]

Kuchma Commitment to Democracy Questioned

954F2565A Kiev MOST in Russian 12-18 Jun 95 No 23, p 6

[Article by Vyacheslav Pokhovshek: "On the Other Side of the Confrontation"]

[FBIS Translated Text] Almost every post-communist country moving towards democracy is facing a pitfall: The transition from communism to liberal democracy can be accomplished through the authority of a single person—autocracy. Heated debates go on between supporters of this concept and those who oppose it, believing that the "totalitarianism—autocracy—democracy" road can very easily turn into "totalitarianism—autocracy—totalitarianism." Discussions are running mostly on the theoretical level, since no country has yet moved fully from communism to democracy. Now Ukraine has approached this choice... and almost stepped over the edge.

As is known, there was no unity even among the presidential administration members regarding holding a poll on 28 June 1995. There was lingering uncertainty—one only has to look more attentively at the position of Acting Prime Minister Ye. Marchuk, who maintained complete silence on the subject of the law on authority, without registering his sympathies for the camp of either L. Kuchma or O. Moroz. The president, after having gotten a hand on the personnel situation in enforcement structures, having prepared the public mind with statements regarding "the equivocal political role of Pinochet," and having replaced most of his representatives in the Ukrainian regions, came to a point of confrontation with the parliament. Informed sources maintain that on 31 May, L. Kuchma had a conversation with O. Moroz, and it was after this that the president made a decision to go ahead with the poll. What did Oleksandr Oleksandrovich have to say to prompt Leonid Danilovich toward such a radical step? At first glance, at least something of equal import—for instance, his own initiative to hold a referendum on the Ukrainian Constitution, which would let O. Moroz, on top of everything else, increase his own popularity.

Whatever happened, happened, however. As is known, both the president and the parliament have issued several mutually exclusive documents on the subject of the poll, in which both sides accuse their opponents of excessively liberal interpretation (or even violation) of legislation. The latest among them is the president's "Edict To Reaffirm the Edict...," published on 5 June.

It would be, however, a great oversimplification to explain the position of either side —the president or the parliament—as "erroneous" or "illegitimate." The point is that the legislative and executive authority of Ukraine had long stepped over the line where "legitimacy" or "illegitimacy" of actions of both branches of the authority could be described in these particular legal terms. In this case, the question of "legitimacy" or "illegitimacy" is rather rhetorical.

The root of the problem is in an almost philosophical question— can one build a market economy in the post-Soviet legal space? The answer is obvious—no, in order to build a market economy, post-Soviet laws have to be violated. But violating the law is wrong; one gets punished for it.

From the legal standpoint, the parliament's position is impeccable—the questions, formulated by the president, could not be the subject for a referendum, and since a poll is not a referendum, its results will not have legal consequences. The president is only conducting something like a sociological survey, which could easily be commissioned to Sotsius-Gallup or the National Institute for Sociological Research.

At the same time, we should not forget that the Supreme Council leadership has dragged the discussion of the "Law on Authority" into such a dead end, from which the ill-fated act could only climb in an extremely emasculated shape. Let us recall that in the past the parliament had vetoed presidential edicts on financial-industrial groups and on privatization. From the formal-legal standpoint, the Supreme Council has such a right, but from the standpoint of the need to reform the economy, it does not.

Actually, the question of "legitimacy" and "illegitimacy" of parliament's actions becomes simply moot if we recall how the left tried to revise the article of the current Constitution that sets the president's basic rights. But what can we expect anyway of the parliament, whose considerable part, quite sufficient to block presidential initiatives, takes an open stand against the free market and democracy, and would gladly liquidate the very post of the president, which the communist party leaders have proclaimed needs to be done in principle?

Actually, the main problem is that the president could no longer operate in a state of semi-legitimacy, constantly expecting to be tripped up from the left. Leonid Kuchma chose the way of directly turning to the people as a way out of the current situation.

It is doubtful that the analysts from the presidential retinue did not evaluate the scenarios of the situation's development. It was unquestionably to the benefit of the presidential team that is was conducting its own game, and the parliament was only reacting to its moves, since, as a rule, the initiative in such matters solves most problems. Hence, what was it the president was losing because of his initiatives, and what was he gaining?

First, the president would lose the support of eight parliamentary factions, for whom the president's statement came as a thunderbolt from a clear sky. However, the president also would lose something more than merely one-time support of these eight factions—he was showing that one cannot make a deal with L. Kuchma. His blow struck political allies in the parliament, who until recently supported the president. A politician who does not keep his word would have to keep in mind that anybody who would want to deal with him would be looking for additional context in his statements. The president would lose by showing himself as an unpredictable politician. Actually, L. Kuchma has made an attempt to win back a certain part of deputy sympathies—on 6 June information leaked out that the deputies who will sign the Constitutional Accord can count on seats in the Constitutional Assembly (provided it is created, of course).

Second, creating a system of conducting a poll through regional structures practically put the Central Electoral Commission (CEC) out of business and created a structure paralleling the CEC, which could not fail to cause objections. It is not quite clear where the money for the poll would come—there were hints that the Cabinet of Ministers' reserve fund was hopelessly exhausted. By the way, if laws were strictly observed, the Supreme Council could avoid resorting to a veto and rather easily put a lid on the conduct of the poll by not envisaging appropriations for it in the budget.

Third, in the foreign policy dimension, the president would also find himself somewhat weakened at the upcoming scheduled meetings with big business representatives in New York and the Russian president in Sochi.

Nearly the most important point, however, is that this would have formed a largely emotional foundation of the opposition on the part of (in this case probably truly a majority) parliament members to the president, which is rather serious, because it is the parliament that adopts a considerable number of decisions (in particular, the budget) that are vitally important for the implementation of the president's plans, while the president under any circumstances does not posses the right to disband the parliament.

This obvious result of the presidential decree on the poll had to be factored in, which means that even if L. Kuchma team's hope that pressuring the parliament from the position of strength would produce a positive effect was among the potential scenarios, it was not among the most probable ones. So why was it necessary at all to create this problem?

One gets the impression that the main bet in the game was public opinion. Forming a special structure paralleling the CEC and producing a simple dichotomy "good president—bad Supreme Council" provided grounds to forecast a relatively easy win for L. Kuchma, especially if his team succeeded in "working" the regional media. And the actual result of the poll would provide a very convenient trump card for the future. Especially considering that the president's pledge not to use budget means to conduct the poll would raise his rating among the electorate. Leaving aside the question whether spending money on the poll represents the most effective spending on the part of the president in general, we should point out that one of the conditions for L. Kuchma's victory had to be necessarily a certain information confusion and some disorientation of the electorate. Which Supreme Council are they not to trust? The one where among the deputies are V. Chornovyl and L. Kravchuk, who support "strong state" no less than L. Kuchma? The one that has V. Pynzenyk and R. Shpek, members of the L. Kuchma—Ye. Marchuk government, who are no less in favor of market reforms than L. Kuchma? If the president managed to exploit the image of the parliament as an "evil force," "enemies of a strong state," his adversaries would be no less justified in creating L. Kuchma's image as "violator of legislation"—which is actually what they are already doing.

In the event of achieving the result positive for him, L. Kuchma would—or so it would look to him—get an additional lever of pressuring the parliament. This, however, would be possible if the parliament itself considered the poll results such a lever. If, however, the parliament chose to ignore the plebiscite's results, L. Kuchma will have no choice but to proceed further—through a campaign to disbanding the parliament to authoritarian rule. Only in this case would he receive the powers his team had "built" into the initial text of the law on authority. It is clear, however, that the new parliament that would replace the old one would not have been the best for the president, considering that it would have been elected in the environment of an impoverished electorate.

It is very hard to comment on the validity of L. Kuchma's actions, because, let me repeat, the question of "legitimacy" and "illegitimacy" does not cover all the contentiousness of the relations between the legislative and the executive authority. The ideological question—L. Kuchma's market economy or the command-administrative rule a la N. Vitrenko; V. Tereshchuk's communism or democracy as seen by the president; L. Kuchma's strong state or (for starters) P. Symonenko's "Belarusian version"? The choice must be made, because the president will not be able to build the market in the Procrustes bed of socialist legislative anachronisms.

L. Kuchma was in a radical mood, and the only question was to what extent we can trust our president. Concentrating power in the hands of one person is always dangerous, and legislative authority, even of the kind dominated by the left, bad or good but still balances the all-out influence of the head of the state. Therefore, the president could expect rather perceptible change in the attitude toward Ukraine on the part of European states, which attentively monitor the preservation of the balance between branches of authority. On the other hand, if the president stuck to the course of reforms, both the United States and West Europe would forgive him a lot.

Until now, President L. Kuchma did not provide any reason to expect a change in the course toward democracy, the market, and a strong state, with the exception of a few items related to the creation of the Inter-State Economic Commission and the agreement on the common defense of the CIS airspace. His consistent position on the Crimean question, and the desire to push on with market reforms also provide sufficiently serious arguments in favor of L. Kuchma.

Obviously, a balance between a democratic president and a democratic parliament takes years to form, and is relatively easily achievable in a society where the values of private property and personal freedom already have produced certain results. The Ukrainian Supreme Council is the evidence, albeit not without certain deviations, of what the real aspirations of the Ukrainian people currently are, and removing even some of the parliamentary political forces from influencing state policy would be ignoring the will of a segment of the Ukrainian population.

Are there precedents in history when someone has won following the path L. Kuchma has proposed? Yes, there are. Alberto Fujimori, the president of Peru, chose the way the president of Ukraine intended to take. Fujimori won.

The Constitutional Accord has been signed. There will be no poll. But nevertheless, the question of whether President L. Kuchma will recognize the main principles of democratic behavior as unconditionally mandatory should be left open. If the answer to it turns out positive, the results—whether they be of a poll or some other steps on the part of the president—will be doubly productive.

Parliamentary Realignment Described

954F2586A Kiev MOST in Russian 19-25 Jun 95 No 24, p 6

[Article by Heorhiy Larin: "Parliament: A 180-Degree Turn"]

[FBIS Translated Text] Both the "right-wingers" and the "left-wingers" are talking about the new correlation of forces in parliament as an accomplished fact: The "right-wingers" are preparing to become the rulers, and the "left-wingers" are preparing to go into stubborn opposition. What has happened with the Supreme Council—after all, it would seem that the same deputies are in it?

A year ago... oh, what a parliament it was! Oleksandr Moroz stood in it almost in the center—for which he was elected chairman. The "Basic Principles and Directions of the Formation of the Economy of Ukraine in the Crisis Period" that were adopted by the Supreme Council on 15 June 1994 were maintained... no, by no means in a communist, but rather in the social-democratic spirit of a West European model, and also in complete conformity with O. Moroz's aims and with his centrist position between the "ideological left-wingers" and the "nomenklatura which is devoid of principles." The "mutually acceptable agreement" that was reached by five factions and the group of nine (factions of communists and socialists and groups of Agrarians of Ukraine, which united "left-wingers," and also the Unity and Center groups, which united the old-new soviet administrative nomenklatura), made it possible for them to organize a firm "overwhelming majority" and to "capture" not only the positions of chairman of the Supreme Council, his first deputy, and deputy, but also 16 of 23 positions of chairmen of commissions of the Supreme Council (to the extent commissions were formed), leaving one or two positions of chairmen of commissions for the remaining four factions and groups (the People's Rukh factions, the Statehood [Derzhavnost] and Reforms groups, the united national democrats, and also the interregional deputy group, which united "simply democrats," including Leonid Kuchma as well), and one or two positions of chairmen of commissions for the non-faction deputies. Vitaliy Masol, whose services as prime minister the old Supreme Council rejected, turned out to be just right for the new one, which has the same majority, and which adopted such "Basic Principles," and it seemed that "nothing would turn us off our path now." The election of the "wrong" president mixed up all of the cards. The national-democrats very quickly saw in L. Kuchma an ally in shattering the parliamentary "right-wing majority": The word "reforms" to the "left-wingers" was like the notorious red flag to a bull, and the president surprisingly did not make much use of the phraseology of supporters for the return of Granny Ukraine to the bosom of Granddaughter Russia. But then for the MDG [interregional deputy group], which was weakened by L. Kuchma's departure from it on the occasion of his election to another position and the "failure to elect" Volodymyr Hrynyov—the latter fact was dispiriting, and it had to distance itself equally from the president and both from the "left-wingers" and from the national-democrats for a long time.

The government was a gamble for the president; i.e., absolute executive power (Kuchma's famous remark "I do not want to be the English queen" is remembered to this day); for the national democrats—a parliamentary majority; i.e., the possibility of forming from its cadres a Presidium of the Supreme Council, and to revive the apparatus of the parliament and thereby to ensure the delivery by parliament of "right-wing," and not "left-wing," laws. The president was supposed to assure the national-democrats pressure on the nomenklatura so that it would break with the "left-wingers" and come to them, and the national-democrats in exchange committed themselves to return the government to the president.

To implement this proved to be a very difficult matter; it already could have been shown to be hopeless in April 1995, when the attempts of the "right-wing" to topple the "left-wing" Presidium of the Supreme Council failed. But it was exactly then, in March-April, that the game started "on a large scale." The president announced a correction in the policy of reform, he appointed Yevheniy Marchuk acting prime minister, whom it would be difficult to call an ardent marketer, to replace V. Masol, who was sent into retirement, and he began more and more to criticize members of the government who were responsible for reforming the government for their "ability only to turn on the emissions spigot, but not to ensure a halt in the slump in production." In parliament there was a sharp intensification in a change by deputies (most of all from the nomenklatura) of their "place of residence," which led to the formation of two new groups—the Independents and (two months later) the Agrarians for Reform.

Of the 27 deputies who formed the Independents group, four came out of the Center (including Anatoliy Dron, former chairman of Goskomzhilkommunkhoz [State Committee for Housing and Municipal Services]; Valeriy Yevdokimov, first deputy chairman of the Union of Lawyers of Ukraine, and Ivan Plyushch, a former speaker); three from Unity (including Viktor Hladush, first deputy minister of foreign economic relations); two from the Agrarians of Ukraine; one each from the MDG (Valentyn Landyk, former deputy prime minister and chairman of the political council of the Labor Party) and from the faction of communists (Heorhiy Mozer, deputy from the Zhitomir region and director of the Krok joint-stock company); 16 from the nonfactional deputies (including Ruslan Bodelan, chairman of the Odessa Oblast council; Leonid Vernigor, chairman of the Poltava Oblast trade union council; Vadim Hetman, chairman of the Ukrainian Interbank Currency Exchange; Vasyl Yevtukhov, chairman of the Ukrainian Union of Industrialists and Entrepreneurs, elected in place of L. Kuchma both to this position and to people's deputy from the 448th Novgorod-Severskiy Electoral District; Anatoliy Zolotarev, chairman of the State Building Materials Corporation; Yuriy Kruk, deputy minister of transport and director of the department of maritime and river transport; Lev Mirimskiy, deputy from the Crimea and president of the Imperiya corporation; Volodymyr Pekhota, minister of the Cabinet of Ministers in the government of Vitold Fokin; Anatoliy Rakhanskiy, former deputy minister of foreign economic relations; and Valentyn Symonenko, deputy prime minister in the government of V. Fokin).

Of the 27 deputies that form the Agrarians for Reform group, 20 came out of the Agrarians of Ukraine (including former leaders of the "left-wing" agrarians, Oleksandr Borovik, chairman of the All-Ukrainian council of collectives of agricultural enterprises, and member of the supreme council of the Peasant Party of Ukraine; Volodymyr Kravchuk, deputy chairman of the Supreme Council commission on questions of the agro-industrial complex, land resources, and social development of the village, and Rostyslav Chapyuk, deputy chairman of the supreme council of the KrPU [Peasant Party of Ukraine]; Anatoliy Danylenko, chairman of the Supreme Council commission on questions of the APK [agro-industrial complex] and member of the supreme council of the KrPU; Mykhaylo Dancha, deputy chairman of the Carpathian Oblast council; Anatoliy Zasukha and Valentyn Yakovenko, first deputy and deputy minister of agriculture and foodstuffs of Ukraine [the latter is also a member of the supreme council of the KrPU]; and Volodymyr Stretovych, chairman of the Supreme Council commission on questions of legal policy and judicial-legal reform), three came from the Center (including Volodymyr Bortnyk, chairman of the board of the Ukragrotekhservis concern), one each from the faction of communists (Aleksiy Berezhnoy, chairman of the kolkhoz in the Kharkov region) and from the faction of socialists (Mykola Rudchenko, former representative of the president in the Malinskiy Rayon of Zhitomir Oblast), and two from non-factional deputies.

As a result the Unity group was reduced from 34 to 31 deputies; the Center, from 38 to 31; the Agrarians of Ukraine—from 49 to 28, i.e., practically in half; and the number of non-factional deputies was also almost reduced by half. This alone can serve as a formal justification for a revision of the staff of the Presidium of the Supreme Council, in which the Independents, for example, are not represented at all. But the formation of a "new right-centrist" parliamentary majority that is ready to give the president absolute executive power has not been guaranteed yet: The projected bloc of the Rukh faction and the Statehood, Reforms, Independents, Center, and Agrarians for Reform group involve only 176 out of 405 deputies. In this situation, key significance was assumed by the remaining Agrarians of Ukraine and also the Unity and MDG groups, and after the exchange of several deputies they were transformed into purely regional lobbies (in Unity, now out of 31 deputies, 22 represent Dnepropetrovsk Oblast, including Pavlo Lazarenko, chairman of the oblast council, and three—Kharkov Oblast; and in the MDG, out of 31 deputies, 11 are from Donetsk Oblast, including Volodymyr Shcherban, chairman of the oblast council, three are from Lugansk Oblast and five are from Crimea).

An intensive "exchange of opinions" of the president and the government with representatives of agriculture, miners, metallurgists, and the military-industrial complex became decisive in May-June (both in Kiev and during L. Kuchma's trips to the regions). During the voting on the Law on Power, the "right-centrist bloc" already collected 219 votes and the Constitutional Agreement—240, and apparently there will be more in the future. How long will the new majority continue, and will a new '180-degree turn' occur again with parliament within a year?" This is a very different subject....

Outlawing Ukrainian Nationalist Organization Urged

MM2906103195 Moscow KRASNAYA ZVEZDA in Russian 27 Jun 95 p 3

[Report by Anatoliy Polyakov: "Ukraine: UNA-UNSO Outlawed?"]

[FBIS Translated Text] Kiev — The law enforcement organs have frequently arrested gunmen of the UNA-UNSO [Ukrainian National Assembly-Ukrainian People's Self Defense] now in Kiev, now in Lvov, confiscated combat and training weapons from them, and initiated criminal proceedings against members of this organization. As a result there has been a representation from the General Prosecutor's Office and the Supreme Council commission for questions of legal policy and court and legal reform to Ukrainian Justice Minister Vasiliy Onopenko. The document says that the members of the Ukrainian National Assembly (UNA) have frequently committed various crimes and when it was registered the Justice Ministry allowed repeated violations of existing legislation. UNA illegally created in its structure a paramilitary formation — the Ukrainian People's Self Defense (UNSO) and the lists of members of the organization include people who are under age, who are under investigation or are in prison or who are even mentally ill. Perhaps it now becomes more understandable why in the past when he came to the registration of UNA-UNSO at the Justice Ministry its leader, Oleg Vitovich, followed the example of the Nazis and wore a swastika on the sleeve of his jacket.

The UNSO gunmen fought in Chechnya against Russian soldiers and Anatoliy Lupynis, chairman of the organization's political office [politreferentura], was arrested by Russian law enforcement orders on the border with Dagestan in an attempt to take out of Chechnya several dozen unidentified people including children. It is curious that even Major General Vilen Martirosyan, chairman of the committee for questions of servicemen's social protection, made efforts to release him. Returning to Kiev, Anatoliy Lupynis was met by his comrades as a hero and even awarded the UNA-UNSO badge of distinction, the "for services rendered" cross third class with No. one swords.

But now the Justice Ministry will have to consider how to react to the representation from the General Prosecutor's Office and the parliament. And the Justice minister must also consider the fact that a government is now being formed and his refusal to repeal registration could cost him his post as minister.

Limited Regional Autonomy Advocated

954F2587A Kiev GOLOS UKRAINY in Russian 16 Jun 95 p 2

[Article by Hennadiy Hrozytskyy, general director and chairman of the board of the Dnepropress open joint-stock company, oblast council deputy: "Power and the Economy"]

[FBIS Translated Text] Dnepropetrovsk—The Supreme Council and the president of Ukraine have signed a constitutional agreement that, in our view, should resolve the basic problem of relations of the branches of power in the state. And both as the general director of an enterprise and as the chairman of the board of the Dnepropetrovsk Oblast association of managers of industry, I would like to share my ideas concerning the urgency of adopting this document, but also—and this is now the main thing—of implementing it for the good of the Ukrainian people.

My colleagues of the director corps of the Dnepropetrovsk region agree with the opinion expressed on the pages of the press that dozens of various programs and concepts of strategic directions of the transition of Ukraine to a market economy have been established during the last four years. But not one of them raised the question about the development of a management mechanism that involves all elements of the economy of the country and an economic management organization.

The laws that are being applied, the specific action programs that are being developed, and the edicts and decrees that are being published have turned the economic ship first to the left and then to the right. Commands were given. First the command was given "Forward!" and then, "To the rear!" but it stayed in place, continually running into the iceberg of unmanageability of the economic processes, and more and more losing its ability to remain afloat. As a result, the measures that are being undertaken at the macroeconomic level of regulation did not receive adequate development at the microeconomic level of economic management.

The signed treaty is an objective necessity that facilitates finding a way out of the economic chaos.

This was keenly felt by the chairmen of the city councils of Kharkov, Lvov, Kiev, Kirovograd, Nikolayev, Dnepropetrovsk, Sumy, Vinnitsa, and a number of other large cities of Ukraine when, as early as December 1994, in their address to the Supreme Council they supported the president's efforts and aspirations to create a strong executive authority. It is impossible to call this step of the mayors populist. The organs of self-government are overloaded beyond measure with setting up a process for the life support of cities and villages; that is, with the resolution of questions of guaranteeing the normal work of municipal transportation, trade, organizations and institutions of education, health services, and culture, providing the population with heat, etc. Recently added to this number were such problems as the fight against sharply increasing crime and the organization of the process of privatization of municipally owned facilities.

However, there is a whole complex of questions that require a national approach to their resolution regardless of the specific features of a region. This aim becomes even more urgent when a radical socio-economic reformation of the forms of economic management is occurring. It is difficult to imagine that questions of economic regulation, development of the national economy, elaborations and financing of investment and structural programs, overcoming the nonpayments crisis, and the formation and implementation of national and socio-economic programs would be decided on the basis principally of regional interests and the specific features and potential capabilities of the regions. These are national problems and, therefore, the approaches to their resolution also should be first and foremost national.

The signed agreement also exactly proposes that the functions of legislative power will not be mixed up with the executive organs, and, as a result, the independence and responsibility of the executive organs for economic reforms should appear.

The absence of a single executive vertical has led to a sharp worsening of the payments crisis and the slump in production that is associated with this. But there are also other factors in the crisis. This is the lack of coordination of the different elements of economic policy—monetary, financial, industrial, and social. President L.D. Kuchma understands this, and we understand this—those who are ready to put reforms into practice. I and many of my colleagues in Dnepropetrovsk, Zaporozhye, and other oblasts are adding our signatures to the letter of President L.D. Kuchma to the Supreme Council and to the people's deputies concerning the speedy adoption of 20 urgent draft laws submitted to the Supreme Council and, first and foremost, concerning the VAT tax, the law on privatization, on monetary regulation, etc.

We are also asking the people's deputies to remember: Imperfect laws are better than those that are changed frequently.

I would also like to express myself not as a business executive, but as a deputy of the oblast council. Yes, there is a disparity between the agreement and the Constitution of Ukraine. But even without this, it is high time to adopt a new Constitution. Yes, there is a threat of authoritarianism. However, there was also a lot of it before, but it will now be curbed legislatively. But there is a good example of a compromise between the two branches of power. Moreover, it is simply necessary for the Supreme Council to more quickly form a Constitutional Court as the highest arbitration between the president and the Supreme Council.

And in conclusion, I would like to quote from a speech of Pavlo Lazarenko, chairman of the Dnepropetrovsk Oblast council of people's deputies.

"We understand that we cannot survive without a strong executive power. So that the policy of radical reorganizations would be implemented, the all-round subordination of the executive organs is necessary. With all of the administrative and legal consequences that follow from this. But there must also be a niche, a place, for the operational-administrative independence of the regions. After all, reforms are practically implemented in the localities."

My colleagues, the deputies of the oblast council, and the managers of industrial enterprises also support this idea.

Crimea Attempts To Restore Order After Riots

LD2806151595 Moscow INTERFAX in English 1358 GMT 28 Jun 95

[FBIS Transcribed Text] SIMFEROPOL, June 28 (INTERFAX-UKRAINE) — Crimea's government and Crimean Tatar leaders have agreed to take urgent measures to restore law and order on the peninsula after recent Tatar riots and to try to reveal the roots of the disturbances, Ukrainian Security Service deputy chief Leonid Derkach said on Wednesday [28 June].

In a statement, released by the Service's Crimean division, Derkach says the Crimean government and the Majlis of the Crimean Tatar People, an elected body that professes to represent the peninsula's Tatar population, were taking measures on Monday and Tuesday [26 and 27 June] to defuse the tension stoked by the riots, which rocked eastern Crimea on Sunday [25 June].

However, "some reports in the mass media which interpret those events as an escalation of ethnic strife on the peninsula are out of line with those constructive steps," Derkach says further on. "The untenability of this point of view has been confirmed by Crimea's supreme bodies of authority, law enforcement services and the leader of the (Tatar) Kurultai group (in the Crimean legislature), Refat Chubarov."

"In this connection I declare with complete responsibility that any attempts to fan up ethnic discord will be resolutely cut short," Derkach warns.

He urges all journalists, politicians and ordinary people "to make well-considered and responsible interpretations and assessments" in comments on the events.

Three Tatars were killed and about 20 others injured on Sunday in clashes between Tatars and police in the vicinity of the cities of Feodosiya and Sudak.

Security Official Addresses Crimean Parliament

LD2806152995 Moscow INTERFAX in English 1337 GMT 28 Jun 95

[FBIS Transcribed Text] SIMFEROPOL, June 28 (INTERFAX-UKRAINE) — The situation in Crimea is very complicated and may entail unpredictable consequences, stated Head of the Ukrainian Security Service's Crimean Department Stanislav Ivakhnenko.

Addressing the Crimean parliament on Wednesday, he said that since the beginning of the conflict his department had fully controlled the situation.

Measures have been taken to bar what he called objectionable elements from entering Crimea and prevent terrorism and hooliganism, the security of weapons depots has been tightened and steps taken to "prevent external interference".

He said that the conflict of June 23-25 was of criminal and economic character. It may evolve into an ethnic and political conflict, however, he added. "The Crimean law- enforcement bodies are doing everything they can to exclude such a scenario," said Ivakhnenko.

The leaders of the law-enforcement bodies appeared in parliament because the deputies had decided to begin their plenary session with the situation in Crimea in view of the events on June 23-25.

Crimean Russians Urge Restoration of Order

LD2806153195 Moscow INTERFAX in English 1337 GMT 28 Jun 95

[FBIS Transcribed Text] SIMFEROPOL, June 28 (INTERFAX-UKRAINE) — Crimea's Republican Party and Russian Community have called both on the Ukrainian and regional governments to restore constitutional order to the autonomy, give an official assessment of the latest terror campaign in Crimea and divert world attention to latest developments there.

In a statement made available to INTERFAX-UKRAINE on Wednesday, they described as terrorism the actions taken by Crimean Tatars on June 25.

Two Tatars were killed following violent clashes between Crimean Tatars and members of an extortion racket outside Koktebel last Friday. Their funerals on Sunday degenerated into confrontation between Tatars and police in Feodosia and Sudak which left three other Tatars dead.

The statement accuses the leaders of Crimean Tatars of increasingly resorting to unconstitutional ways of solving political and social issues.

It also calls on Tatars and their parliament to cease acts of terrorism and abide by the Ukrainian constitution and laws instead.

The Republican Party and Russian Community are led by Crimean Parliament Speaker Sergey Tsekov and former Ukrainian Deputy Vladimir Terekhov.

Crimean Parliament Studies Tatar 'Upheavals'

LD2806220095 Moscow ITAR-TASS in English
1938 GMT 28 Jun 95

[By Lev Ryabchikov]

[FBIS Transcribed Text] SIMFEROPOL, June 28 (ITAR-TASS) — The Crimean Supreme Soviet devoted its Wednesday [28 June] session to discussion of the reasons behind mass upheavals among Crimean Tatars in the peninsula.

The leaders of Crimea's "power" organizations expressed their opinion of the events. They consider that ordinary mafia clashes were going on in Crimea, in which the Crimean Tatars got involved.

Criminal proceedings have been instituted upon all facts of murders, pogroms, beatings of Tatars by the police.

Deputy head of Ukrainian security service in Crimea Stanislav Ivakhnenko said, however, that "the situation on the peninsula remains complicated and is fraught with consequences which would be difficult to overcome."

General Ivakhnenko appealed to journalists to be careful in covering the events, since one single inaccurate word may lead to a many-years-long inter-ethnic strife.

Many deputies voiced the opinion that the disorders were orchestrated from beyond, in particular, from Kiev, in order to frustrate elections to local Soviets and place the resort season in jeopardy, which would "push Crimea in Ukraine's embrace."

No decision was taken on the discussed issue, since the opposition deputies refused to undergo registration before the evening session, which failed due to lack of a quorum.

Crimean Tatar Majles Issues Appeal for Peace

LD2906101695 Kiev UNIAN in Ukrainian
0830 GMT 29 Jun 95

[FBIS Translated Text] Simferopol — Peace and public tranquillity are now under threat in Crimea. The difficult socioeconomic situation; the inability and unwillingness of the authorities and law enforcement bodies to deal with banditry, which is holding the peninsula to ransom; has caused anger and indignation among all the inhabitants of Crimea. Nobody in Crimea is guaranteed peace and security, says the appeal from the presidium of the Majles of the Crimean Tatar people circulated among its compatriots on 29 June.

According to the Majles, some criminal groups are using active measures to stir up interethnic conflicts in Crimea hoping, in this manner, to complete the redistribution of property.

The presidium of the Majles calls on all the inhabitants of Crimea not to give in to provocations and for perseverance, restraint, and unity to defend public order.

Belarus

Gazprom To Invest in Gas Equipment Factory

*WS2906081895 Minsk BELAPAN in English
0701 GMT 29 Jun 95*

[FBIS Transcribed Text] The Russian joint-stock company "Gazprom" is interested in purchasing a sizable stock of shares of the Navahrudak-based gas equipment factory, and even is ready to invest 2 million US dollars in its reconstruction. As it became known to BELAPAN, on a commission from the Cabinet of Ministers the Ministry for State Property Control and Privatisation is holding negotiations with the leadership of Gazprom. Taking into consideration the particular importance of the products manufactured by the enterprise, as well as the necessity to reserve the control stocks of shares for the state, the Ministry considers it expedient to sell only 7 percent of the shares to Gazprom at a market price. If this does not suit the latter, another 17 percent of the shares will be handed over to the administration of the Russian company under a trust agreement or to offer all the demanded 35 percent of shares but in exchange for Gazprom shares at an agreed price. The investment of 2 million dollars in the reconstruction of the factory is an indispensable condition in each of the proposed variants.

Paper Notes Current Status of Missile Sites

*WS2906104095 Minsk RESPUBLIKA in Russian
27 Jun 95 p 3*

[Report by Vladimir Tsasyuk from the Belarusian Defense Ministry press service: "It Was the USSR That Signed the Agreement, It Is Belarus That Fulfills It" — first paragraph is RESPUBLIKA introduction]

[FBIS Translated Text] **Twenty eight missile sites comprising missile-launching bases and auxiliary missile sites received in a legacy from the former missile giant — the Soviet Union — still remain on Belarusian territory. Belarus is accountable for 20 of them.**

All the 28 sites are covered by the Treaty on Elimination of Medium- and Short-Range Missiles. Despite the fact that these types of missiles were scrapped back in 1990 and over half of their launch sites were made available to state and economic structures, foreign inspection groups are still visiting Belarus. The peculiarity lies in the fact that the above-mentioned treaty is open-ended and the Protocol on Inspections envisages visits by inspection groups up to the year 2001.

Representatives of the National Agency for Control and Inspections in the Belarusian Defense Ministry enjoy equal rights — but regrettably, not equal opportunities — with any other state implementing the Treaty on Elimination of Medium- and Short-Range Missiles. The agency is short of money to pay a return visit to the United States. Therefore, only one party, the United States, finances visits of its military delegations to Belarus. In addition, the Republic has made available its inspection quota [inspektsionnaya kvota] to Russia, which continues sending groups to the United States to inspect the implementation of the treaty.

The United States has again recently sent a 10-person group to once more become convinced that there are no medium- and short-range missiles left in Belarus, that wheat is growing, and that "ships of the field" are being repaired at the former positions. For example, the sites in Postavy, Zasimovichi, and Gezgali were made available to the State Committee for Chernobyl Issues; in Slonim — the Rayon Agricultural Machinery Enterprise; in Slutsk — the police, in Vetrino — the Border Troops, and in Polotsk — civil defense. In a word, more than half of the former threatening sites of medium- and short- range missiles have, figuratively speaking, been dressed in "civilian clothes." All these sites, however, are still overseen and this supervision will be continued in the future. Such are the terms of the treaty; therefore, the Republic will receive an opportunity to demonstrate its honesty and commitment to its pledges to the United States and other Western states.

Trade Unionists Said 'Prosecuted' by Authorities

*WS2906081795 Minsk BELAPAN in English
0701 GMT 29 Jun 95*

[FBIS Transcribed Text] A wave of spontaneous actions of workers who protested against the violation of their lawful rights provoked retaliatory measures from state functionaries: initiators of the actions are being dismissed and prosecuted. This was announced by the leader of the Free Trade Union Mr. Henadz Bykaw at a press conference which took place on June 28.

Workers' protest is mainly explained by the non-observance of collective agreements with respect to the clause concerning the payment of wages. In many enterprises wage payment is withheld for several weeks and even months. Mr. Bykaw divided protest actions into two groups: controllable and uncontrollable. In the first case the situation is under the control of trade unions (for instance the recent strike at the Minsk engine factory and the labour conflict in the Minsk underground). In the second case the outburst of workers' discontent is of a spontaneous character and, according to Mr. Bykaw, it is especially dangerous as it may entail unpredictable consequences. Mr. Bykaw informed the press that the two largest industrial trade unions — those of workers of motor-car and agricultural construction and radioelectronic industry proposed that the Free Trade Union should take part in the organisation of large-scale protest actions scheduled for July. "We will establish contacts with them without fail", Mr. Bykaw said.

Speaking about the authorities' attitude towards the Free Trade Union the President of the Belarusian Congress of Democratic Trade Unions Alyaksandr Lysenka emphasized that state functionaries were trying to pin the label of "extremist" on the organisation. However, according to Mr. Lysenka, the Free Trade Union resorts to strikes only in a special emergency — when there are no other methods to uphold workers' rights and settle conflicts with employers. Henadz Bykaw refuted the rumours that the Free Trade Union was financed by the West. He declared that the workers of the Free Trade Union organisation lived on membership dues. As for the "links with the West", they mean relations with foreign trade union organisations, the International Confederation of Free Trade Unions and the Institute of Free Trade Unions. Trade union solidarity and cooperation has great traditions and is absolutely natural, Mr. Bykaw said.

Moldova

Grachev on Possibility of Russian Base in Moldova

LD2706164895 Moscow INTERFAX in English 1503 GMT 27 Jun 95

[FBIS Transcribed Text] CHISINAU, June 27 (INTERFAX) — Russian Defense Minister Pavel Grachev does not rule out the possibility of building a Russian military base in Moldova.

"It's a question of the future, not the present day," he told INTERFAX during a press conference in Chisinau on Tuesday [27 June].

"The possibility of building a Russian base may be considered only after the removal of the armaments and ammunition of the 14th army, following the ratification of the agreement on withdrawal," he said. "Moreover, this problem may be solved positively only on the basis of a bilateral inter-governmental agreement," he said.

Moldovan Defense Minister Pavel Creanga said that the question of building a Russian base in Moldova was very complicated, because "the presence of foreign troops in Moldova is not envisaged in the Moldovan Constitution, so the Constitution must be amended to solve this problem positively."

Grachev said that the Russian Defense Ministry had no plans to use forces in this region at the moment.

The main task facing the Russian troops stationed in this region is to guard weapons and ammunition, ensure the implementation of the withdrawal agreement and perform a peacekeeping mission, he said.

Grachev also said that he could not provide firm guarantees about the safety of the weapons and ammunition. He said, however, that the armaments would be guarded no worse than under the command of General Lebed.

Creanga said that the practice of enlisting into the 14th army Transdnestr residents who are not Russian citizens, common under General Lebed, was a gross violation of Russian law. He also stated that all of these people must either be dismissed, or granted Russian citizenship.

Grachev said he was against using foreign aid to deal with the 14th army's weapons and ammunition, and against international monitoring of Russian troop withdrawal from Moldova. "Russia is strong enough to tackle these problems on its own," said Grachev.

Speaking about the situation in Chechnya, Grachev said that the Chechen side fails to observe the moratorium on combat operations. He said, however, that he favored a peaceful, political settlement to the Chechen conflict.

"I've always advocated the peaceful settlement of such problems. But if the need arises to use force and to act, one must act to the end. Otherwise any lull will give the enemy a chance to re-group its forces and take revenge," said Grachev.

Grachev Comments on Chechen Peace Talks

LD2706101995 Moscow ITAR-TASS World Service in Russian 0926 GMT 27 Jun 95

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[FBIS Translated Text] Chisinau, 27 Jun (ITAR-TASS) — "I am not against holding peace talks on a settlement for Chechnya but I would prefer it if they led first of all to a cease-fire," said Russian Defense Minister Pavel Grachev at a news conference today in Chisinau on the results of his visit to Moldova.

Unfortunately, "Dudayev's bandit formations are not observing the moratorium [on military operations] and are firing at Russian troops," the minister stressed. "I have always favored settling the problem by peaceful means but when the time comes to act the thing should be seen through to the end," Pavel Grachev said. "Breathing spaces only enable the enemy to regroup his forces and renew combat operations against the Russian armed forces."

Grachev Criticizes Army 'Information Vacuum'

MM2806134095 Moscow KRASNAYA ZVEZDA in Russian 28 Jun 95 p 1

[Report by Aleksandr Pelts: "Russian Defense Minister in Dniester Region"]

[FBIS Translated Text] Following his meeting with President Mircea Snegur Army General Pavel Grachev, Russian defense minister, who was paying a working visit to Moldova, flew to Tiraspol. Here he had a meeting with the command and personnel of the operational group of Russian forces in the Dniester region and the personnel of the 59th Guards Motorized Rifle Division commanded by Guards Major General Yuriy Popov. The meeting was attended by the Russian ambassador to the Republic of Moldova and the country's defense minister Division General Pavel Creanga.

During the meeting Defense Minister Pavel Grachev stressed that he had fairly detailed and good knowledge of the problems of the former Russian 14th Army. The Russian political leadership had a high opinion of the efforts made by generals and officers who were to this day a reliable guarantor of peace in the region. They had confirmed this status and significance during the armed conflict in 1992 and are doing so even now. The Russian defense minister particularly noted the Russian servicemen's efforts to ensure the safekeeping of the combat hardware, munitions, and weapons left in the Dniester region.

At the same time Army Gen. Pavel Grachev noted that of late the command of the former 14th Army had effectively kept personnel in an information vacuum by failing to inform them of decisions and documents adopted by the Russian Defense Ministry on the reform of the formation. He said that during the work a great deal of evidence had been found that a dirty political campaign was under way in the Dniester region. All these documents would be handed over to the top Russian political leadership.

Army Gen. Pavel Grachev noted that after his meeting with the Moldovan president and the republic's defense minister an agreement had been reached that all subsequent action taken by Russia and Moldova would be based on the results of bilateral agreement and also on the results of Boris Yeltsin's meeting with Mircea Snegur due to take place in Moscow 28 June.

Touching on the future of the Russian grouping in the Dniester region, the defense minister noted that there was no question of the troops' immediate withdrawal. The work would be carried out in stages over three years. During the first two years it was intended to remove a considerable amount of combat hardware and ammunition and to recycle some of it in situ. The third year would be devoted to moving personnel back to Russia. Everyone wanting to serve on Russian territory would be provided with housing. The defense minister stressed that there were 97 of the former 14th Army command's 180 officers left on the spot. It was a question of cutting back by several dozen servicemen. The reform of the 14th Army would not affect the safekeeping of the combat hardware and ammunition in the Dniester region. The defense minister then pointed out that the question of creating a Russian military base in the Republic of Moldova would be decided at a summit meeting. It was intended that there should be 3,500 Russian servicemen here in all.

During the meeting with personnel of the Army's 59th Division Gen. Pavel Grachev set them the task of changing their manning structure, ensuring the guaranteed safekeeping of combat hardware and ammunition, and making qualitative preparations for all the measures to remove combat hardware and recycle munitions. The minister particularly stressed that he had only come to Moldova to find out the true state of affairs, talk to people, and tell them what it was intended to do with Russian troops in the country. It was therefore necessary to stop deliberately fueling the situation and scaring people with ideas of war. The Russian military delegation's attention had focused on questions of providing social protection for those remaining in the Dniester region. The appropriate directives had already been issued. It had also been also stressed that the limited group of Russian forces would come under the jurisdiction of the Russian defense minister personally via the General Staff. To date nine of the 93 troop units stationed in the region had been withdrawn, 37 disbanded, and several units re-formed.

Moldovan Defense Minister Division Gen. Pavel Creanga, who spoke next, noted that it had been simply impossible for him to visit the Dniester region some time ago. His present visit was an indication of the normalization of the situation and the firm hope of peace in the future.

Lebed Rules Out Further Military Post

AU2806185595 Chisinau INFOTAG in English 1731 GMT 28 Jun 95

[FBIS Transcribed Text] Tiraspol INFOTAG, 28/6/1995 — Ex-commander of the former 14th Army, Lieutenant General Aleksandr Lebed, is leaving Tiraspol for Moscow for permanent residence. In accordance with the Russian president's decree signed 10 days ago, he turned over his duties to Major General Valeriy Yevnevich, appointed commander of the group of Russian troops in the Dniester region.

General Lebed is still in Tiraspol packing things, handing over his apartment to appropriate authorities, and preparing for departure. Several days ago his home telephone line was disconnected, service car withdrawn, and bodyguards taken away. Lebed said to journalists all that was no surprise for him whatsoever, for he had serious discords both with the Tiraspol administration and the Russian military authorities. He admits that such tough measures against him may be in direct relation with the visit of Russian Defense Minister Pavel Grachev to Chisinau and Tiraspol.

Lebed stated that he did not intend to meet with his ex-boss in Tiraspol. "I have nothing to speak about with Grachev. He is a minister suitable for all times and regimes, and I'm just a retired general," the 45-year-old airborne infantry athlete said.

The former army commander strongly criticized Grachev's statements, who said in Tiraspol that it had been necessary to reform the 14th Army into an amorphous "group of troops," and to dismiss those servicemen who had no Russian citizenship.

Lebed ruled out any possibility of his returning to the Armed Forces at least as long as the current commander-in-chief, Boris Yeltsin, is at power, but admitted that he may be involved in solving the Dniester population's problems in his new political occupation. In Moscow Aleksandr Lebed will be deputy chairman of the Congress of Russian Communities, whose chief task is to protect the Russian-speaking population living outside Russia.

Gagauz Battalion Refuses To Hand Over Arms

AU2806191095 Chisinau INFOTAG in English
1731 GMT 28 Jun 95

[FBIS Transcribed Text] Comrat INFOTAG, 28/6/1995 — The chief process taking place in Gagauzia at present is handing over power from the structures of the self-styled republic to the new legitimate organs.

For this, a liquidation commission has been set up, which is in charge of property inventory and providing jobs for the dismissed former-time officials.

A representative of the new Gagauz Administration told INFOTAG that no problems occur with the power transfer. However, a serious problem has emerged at handing over the weaponry, which belonged to the former Gagauz Guard Battalion named Bujak.

The former chairman of the State Security Committee in the ex-Gagauz Parliament, Ivan Burguji (considered by many to be the true boss of the local security empire,) has recently dismissed Bujak's commander and announced himself the head of this illegal armed formation.

Mr. Burguji and his 285 subordinates in the battalion refused to fulfill earlier agreements to pass the entire arsenal to the Moldovan carabineer unit deployed in the region. The Gagauz guardians demanded their salary arrears for several months to be paid, and guarantees of no persecution. They are also demanding Mircea Snegur's signing a special decree on the issue.

There seems to be nobody in Gagauzia who could tell exactly how many weapons Bujak disposes of. It is only known that the guardians are armed with various firearms, machine guns, and submachine guns.

In 1992-1993, the battalion comprised up to 700 men, hence approximately that amount of armament units are supposed to be in their hands.

World Bank Official: Economy 'on Sound Footing'

AU2806195195 Chisinau INFOTAG in English
1731 GMT 28 Jun 95

[FBIS Transcribed Text] Chisinau INFOTAG, 28/6/1995 — The most important problem of the Moldovan economy is to arrest recession and restore economic growth, James Parks, World Bank's resident representative in Moldova, said at today's briefing in Chisinau.

Answering INFOTAG's question, Mr. Parks said that the economic growth restoration will allow to raise standards of living, and one of the most important steps in the field is to provide for a favorable climate for private businesses. A key moment in that is an accelerated implementation of the enterprise privatization and restructuring program.

Taking into consideration the significance of agriculture for the national economy, it is exceptionally important to create conditions for encouraging a high efficiency in the sector — in particular though developing private farms.

James Parks reminded that the World Bank has granted a total of $180 million worth of credits to the republic. Currently, the Moldovan Government is drafting essential projects in energy sector, private sector, agriculture, social sector, support for land titling and cadastering, and export promotion.

In Mr. Parks' opinion, the Moldovan economy is on sound footing, and the foreign help in economy development is strengthening the republic's independence of other states.

The World Bank resident representative stressed that the World Bank's projects in Moldova cannot be influenced by possible parliamentary or government crises.

Kazakhstan

Perception of Russian Imperialism Examined

954F2609A Moscow LITERATURNAYA GAZETA in Russian 15 Jun 95 No 24, p

[Commentary by Aleksandr Samoylenko: "The Kazakh 'Calf' Butted With the Russian 'Oak': the Position Warfare Between the Mass Media of the Two States of the CIS Has Already Begun"]

[FBIS Translated Text] Almaty—The appeals to oppose the imperial threats of the Russian establishment are nothing new in Kazakhstan either.

The novelty here is something else. Until now either unbridled appeals at mass meetings on city squares or sorrowfully proper appeals in the corridors of power, today in Kazakhstan these appeals are quickly and very sensibly being transformed into a clearly formulated doctrine, which, it must be assumed, will become state policy in the very near future.

The familiarity of Kazakhs with Russian great-power boorishness did not begin today with Kozyrev's fist nor yesterday with fire hoses and Kolbin shovels nor 20 years ago with the speech in Alma-Ata of V. Grishin, first secretary of the Moscow CPSU Gorkom, who on the anniversary of a world-renowned classical writer of Kazakh literature in the capital of Kazakhstan was unable to correctly pronounce a single famous Kazakh family name (out of 35 in the speech!).

Whose fault is it that in Kazakhstan they are less and less willing to differentiate official Russian policy and the position even of the democratic Russian mass media from the petty tyranny of Zhirinovskiy (Kazakhstan is a province of Russia) and the statements of Lukin (Turkmenbashization of Central Asia) and Solzhenitsyn (Kazakhstan is the southern underbelly of Russia)?

To put it mildly, one can accuse Kazakh power politicians of an uncultured reaction to such assessments of their homeland but it is also necessary to ask on Smolenskaya Square about the growing unwillingness even of official Almaty to look differently at Barkashov and Kozyrev.

It is a curious fact that the "province" and "underbelly" is getting used to independence more quickly than Russia is giving up its imperial complex. The Russian governmental KAZPRAVDA has already begun to search for an optimum version of the fight against Russian expansion, dumping all Russians and everything Russian into one chauvinistic pile in an article with the menacing title "Ideological Sovereignty and Information Independence Must Become a Priority Foreign Policy Objective."

"Ultra-right forces are on the offensive, covering themselves with the concepts of a single informational and cultural space."

"The Russian mass media that dominate in the market of the young states occupy an extremely hostile position...."

"Most Russian mass media serve the interests of the Russian Federation, the predominance of information from the Russian Federation is a threat to national sovereignty, and overall the Russian information on new independent states has been falsified...." And finally, S. Suleymenov, national adviser to the president of Kazakhstan, himself states that as a result (of what is enumerated above—A.S.) in the northern oblasts of Kazakhstan newspapers and television channels of Russian origin dominate and the mentality of the citizens living there is formed on the ideological basis found in the mass media of Russia.

In short, "the Russians are coming!" And since this is so, it is necessary to protect oneself or, better yet, to attack! For this reason, the government newspaper is calling on the mass media of Kazakhstan to contribute actively (hold on, mother Russia!) to the transformation of the republic's information agency into an organ for the foreign policy propaganda of Kazakhstan!

In the case at hand, there is no need to remember the title of Solzhenitsyn's novel "Bodalsya telenok s dubom" [The Calf Butted With the Oak]. Kazakhstan is not a calf and in carrying out the state program for an information attack against the Russian electorate it can certainly stir up the blood of the authorities and mass media of the Russian Federation. Kazakhstan will have no trouble finding a grateful audience in Russia. Above all this will be the Muslim autonomies of the Russian Federation, which will immediately be inspired by the anti-Russian information expansion of Kazakhstan, and...Russian emigrants (not only from Kazakhstan), whom Russia (their mother!) lured back and abandoned to perish in their desperate situation.

In the essence of the conflict that already exists, we are becoming witnesses to the ideological struggle of two post-Soviet states, a struggle that, as the most recent history shows, is leading to just one thing—the formation of an enemy image. Kazakhstan has been more successful than Russia in achieving this objective, despite the fact that it lacks (still) foreign-policy information mouthpieces. For millions of citizens of Kazakhstan, Russia has already evoked glacial alienation. The hard thing is getting started....

Today the greatest political visionary could not name a geographical or geopolitical neighbor of the Russian

Federation with which Moscow would not have disputes or severe problems.

With whom will Russia be left?

Verk on New Draft Constitution Referendum

954F2634A Almaty KARAVAN in Russian 23 Jun 95 No 25, p 8

[Article by Viktor Verk: "Democracy Fully Grown?"]

[FBIS Translated Text] Everything secret will out sooner or later. Even the draft constitution. I have in front of me the entire 43-page draft Constitution of the Kazakh Republic (this is what our country is now called). It cannot be ruled out, for that matter, that this draft is merely one of the so-called "working" versions [several words illegible], entirely different text. But considering [several words illegible] KARAVAN to the document, which in the near future [words illegible] implementation in independent Kazakhstan, it is worth reading more closely lines which might perfectly well be destined [words illegible].

So what does the draft "treaty between the citizens and the authorities" promise the two contracting parties?

Some things have already disappeared from the preamble. Now "We the people of Kazakhstan... adopt this constitution" no longer as an inalienable part of the world community but merely wishing to occupy a worthy place in it. We no longer "proceed from the permanency of Kazakh statehood" but are creating "statehood on the ancient land of the Kazakhs—the cradle of their distinctive culture." The section "Fundamentals of the Constitutional System" (and, together with it, the definition of our republic, which caused many bitter arguments, as the "form of the statehood of the self-determined Kazakh nation") has disappeared altogether. It has been replaced by the section "General Provisions," which states, aside from anything else, that the "Kazakh Republic establishes itself as a democratic, secular, law-based, and social (?) state...."

The official language in our fatherland will be, as before, Kazakh. Russian is deprived of the status of language of interethnic communication. It is now "on a par with the official language used... in state bodies, institutions, and enterprises and also in local government authorities." Furthermore, the state no longer "guarantees preservation of the sphere of use of the language of interethnic communication and other languages," it simply prohibits "qualification of the rights and liberties of the citizens on the grounds of ignorance of the official or some other language." Perhaps this is not that essential. But where are the assurances that the "hottest" heads will not decide that the number of Russian schools may now be painlessly reduced and that the admittance of Russian-speakers to higher educational institutions and to jobs may be limited—the state no longer guarantees a continued sphere of application for the "great and mighty"!

Interesting nuances are encountered in the section "Man and Citizen" also. The supporters of dual citizenship are in for a cruel disappointment: "Citizenship of another state is not recognized for a citizen of the Kazakh Republic." But everyone is entitled "to determine and indicate or not indicate his national affiliation."

And how do matters stand as regards the freedom of public associations, public meetings, and demonstrations? The first is "regulated by law," the second and third may be limited "in the interests of state security or public safety." The former constitution, however, guaranteed citizens of the republic "freedom of peaceful assembly, public meetings, marches, picket lines, and demonstrations" without any restrictions.

Nothing appreciably new, at first sight, is contained in the section "The President." He is, as before, "the symbol and guarantor of the unity of the people and state power, the permanency of the Constitution, and the rights and liberties of man and citizen." He is elected to this office for five years and may hold this office for no more than two terms in succession. The president may tender his resignation, which "must be accepted by two-thirds vote of the total number of deputies of each chamber" (of parliament—V.V.). Considering that not once in the entire history of Kazakhstani parliamentarianism have the members of parliament managed on a single issue (excluding the vote on the draft of the current Constitution) to muster a two-thirds "aye" vote, the voluntary resignation of the head of state is not in sight. We should say for fairness' sake that there are two further ways of "dismissal" of the president. The first is "if there is a steady incapacity for the exercise of his duties owing to illness." In this case parliament shall form a special commission consisting of an equal number of deputies from each chamber and specialists in the corresponding medical fields. A decision "shall be made at a joint sitting of the chambers of parliament by a majority of not less than three-fourths of the total number of deputies of each chamber based on the findings of the commission and the findings of the Supreme Court confirming that the established constitutional procedures were observed."

No less complex is the mechanism of the dismissal of the president from office in the event of treason. A decision on this very serious accusation may be adopted "on the initiative of no less than one-third of the deputies of the Kurultay (Mezhilis)." Yet the investigation of this accusation shall for some reason or other be organized by the Senate (the upper house of parliament). And only then shall its results "by a majority vote of the total number of members of the Senate be passed on for consideration by a joint sitting of the chambers." The lawmakers' failure to adopt a conclusive decision shall entail dismissal of the charges against the president, which, in turn, shall signify "the early termination of the powers of the deputies of the Kurultay (Mezhilis) who sponsored the consideration of this matter." Even if we attempt to imagine such a precedent actually arising, it is hardly likely that any deputy (of either the upper or the lower chamber) would be tempted to avail himself of this mechanism—it is not only that it is complicated but, in addition, unsafe for his own career.

But the fate of parliament itself, according to the draft "law of laws," may be decided easily and naturally, so to speak. Its powers may be terminated early, first, "in the event of it having adopted a decision on dissolution by a two-thirds majority vote of the total number of deputies of each chamber," and, second, this could be done by the president himself "in instances of insurmountable disagreements preventing the normal work of parliament arising between the chambers." Both (given the proven arsenal of weapons) are quite easy to organize.

Generally, the draft Constitution makes a strong impression. Particularly Section VI, entitled "Justice." According to this version, we shall have neither a constitutional court nor a supreme court of arbitration. And whereas the elimination of a body that was (and quite successfully, by all accounts) the arbiter in countless economic disputes will have only an indirect effect on the country's fortunes, the abolition of the "guard of the Constitution" could lead to another crisis of power in the very near future.

The point being that the deputies of the former Supreme Council were extremely unhappy with the rulings of the Constitutional Court. Having learned that the judicial body that they "hated" has been dissolved, they could perceive this as "retribution" for the wrongful (according to the deputies' logic) ruling that it adopted. The question arises: Need the decision of a body that has been abolished by the president himself, without any visible grounds for this, what is more, be deemed legitimate? The question answers itself. Subsequently, just a technical matter. The People and Parliament association, which has been formed by the most radical ex-deputies, simply proclaims itself the effective parliament....

And, further, it is known that the legal base of the past and forthcoming referendums is the ruling of the Constitutional Court on the action brought by T. Kvyatkovskaya. More precisely, the interpretation that it gave to the effect that the president has the right to issue edicts with the force of a constitutional statute. Soliciting the Constitutional Court's opinion on this, the president had referred to the need for revisions to the constitutional statute on elections. Other laws (especially the Referendum Act) were not at issue. In the absence of the Constitutional Court, its ruling in this respect could be interpreted by whomever in whatever way he sees fit. Such, included, that the Constitutional Court authorized the president to issue only one act with the force of a constitutional statute—the law on revisions and addenda to the Election Code. It was for this, after all, that the president had petitioned! Of course, with a good captain, a skillful pilot, and a professional team, avoiding these hidden reefs constitutes no difficulty. But what if the "departing" Constitutional Court were to take it into its head to "slam the door" and "clarify" its position on these controversial problems before the adoption of the new Constitution? Especially since it would be sufficient were this to be done not even by the whole court, but by one or two of its members in some interview. And a hole in the hull of the ocean liner, already swamped by waves of the economic storm, going by the name of "Kazakhstan" would be inevitable....

Although a "lethal outcome" is hardly realistic. The president has, in fact, nothing to fear. He will preserve his undisputed (up to the April referendum) authority until 1996. And then will easily win the elections. In this context, the rumors that some of the president's team are unobtrusively pushing him into a new election marathon have some justification, possibly. Well, the people will learn their true heroes some day....

P.S. It is perfectly probable, for that matter, that all that has been written here has very little point. For, as we have already said, the newspaper has only a version of the draft Constitution. We have what we have, as they say. Yet we have been assured that the publication of the draft for general discussion has been decided and that this will happen "any day now." Time is passing, and 21 August—the day on which it is planned to conduct the constitutional referendum—is approaching. And the people still do not know, in fact, on what they are to have their say....

Implementation of Edict on Foreigners

954F2640B Almaty KAZAKHSTANSKAYA PRAVDA in Russian 24 Jun 95 p 3

[Decree of the president of the Republic of Kazakhstan: "On Realization of the Edict of the President of the Republic of Kazakhstan Having the Force of Law 'On

Legal Position of Foreign Citizens in the Republic of Kazakhstan'"]

[FBIS Translated Text] For realization of the edict of the president of the Republic of Kazakhstan having the force of law "On the Legal Position of Foreign Citizens in the Republic of Kazakhstan," I decree:

that the Cabinet of Ministers of the Republic of Kazakhstan shall:
bring decisions of the Government of the Republic of Kazakhstan into line with the edict of the president of the Republic of Kazakhstan having the force of law "On the Legal Position of Foreign Citizens in the Republic of Kazakhstan";
adopt the necessary measures providing for realization of this edict.
[Signed] N. Nazarbayev, president of the Republic of Kazakhstan
Almaty, 19 June 1995.

Kyrgyzstan

Akayev Says Ministers To Answer for Economy

LD2806213095 Bishkek Kyrgyz Television Network in Russian 1430 GMT 27 Jun 95

[FBIS Translated Excerpt] A session of the government of the Kyrgyz Republic was held today

In addition to members of the government, participants in the session included State Secretary Ibraimov, First Deputy State Secretary Dzhumaliyev and the heads of the regional state administrations. Kyrgyz President Askar Akayev chaired the session.

There were two vital issues on the agenda: urgent measures to improve the financial state of the industrial sector and pursue structural transformations, and additional measures to provide state support for remote mountainous regions which have difficult natural and climatic conditions.

Prime Minister Apas Dzhumagulov delivered a report on the first issue. Analyzing the results from five months' work, the head of government noted that decline in production was showing signs of slowing. However, indicators for April and May show some deterioration in the economy. This has resulted from the inadmissible reduction of accumulations in gross domestic product, and from the loss of the mechanism which links the production sector and the circulation sphere. This is because the financial market has become separated from the production sphere. [passage omitted]

President Askar Akayev, who addressed the government session, made a critical analysis of the state structure, the inactivity of which is leading to economic collapse. In particular, at the end of his report Askar Akayev said the following:

[Begin Akayev recording] You bankers should also work. You, too, are publicly accountable to the people.

I consider that the banks are carrying out absolutely no monitoring of the targeted use of credits, absolutely none at all. Tough monitoring must be established to ensure timely transferral of budgetary funds into the accounts of budget-funded organizations. There are very many cases where we can see that wages don't arrive, and the bankers are begging by the wayside. Let us have an end to this. Let's put an end to it.

I would like to speak about exports — another alarming problem of the day. A colossal negative trade balance of two billion soms is expected in 1995, twice the 1994 figure. What is the Industry and Trade Ministry thinking about, Comrade (?Sulaymankulov)? What we are thinking about? A negative trade balance of two billion soms. What will we cover this with? Where will we get 200 million dollars [figure as heard] ? Where will we get 200 million dollars? It is twice the 1994 figure.

According to my calculations, exports will fall by 10 points this year. In 1994 it was 32 percent of the (?net balance), and according to the most optimistic of estimates it will be about 23 percent in 1995. It's a disaster. The Industry and Trade Ministry should propose some measures to the government on what should be done, what needs to be done to cover this balance.

The war on economic crime: Comrades, today crime is primarily of an economic nature. In 1994 criminal income accounted for 3.5 to 4 percent of GDP. That means that over half a billion soms — 500 million soms which we now owe our doctors, teachers, pensioners and large families — found itself in criminal hands. Where are the law-enforcement agencies? Where are they? What are you doing? What are you doing?

[Economics] Minister [Talaybek] Koychumanov was right to say in his speech that a considerable proportion of the economy has gone out of the control of the government. That is true. It has gone out of its control. The economy has been criminalized. Look, we lost half a billion last year. I do not know what is happening this year. Nobody knows, because everybody is busy with politics. Nobody is busy with the economy.

On attracting direct private investments — Dear members of the government, dear akims [heads of administration]: We are not just creating a favorable climate and promoting direct private investments; I believe there are many forces among us who are deliberately placing obstacles in the way of this. Deliberately. I would like to stress this in particular. I will cite as an example of the Dzhalal-Abad children's food factory, the problems of which are quite resolvable and would not require hundreds of millions of soms, and which could be put into manufacturing operation this year and earn a profit. This question can be resolved. If the government cannot resolve this kind of question, why do we need this kind of government?

Now for a second problem: the Kyzyi Kiya cigarette factory. Recently we attended a presentation by the [word indistinct] company. Dozens of major world cigarette and tobacco companies — Philip Morris, BAT, all of them — have visited here. None of them is going to come. This is the only project which could supply hundreds of thousands of people with work today. Tell me, if we do not produce tobacco what kind of work will we provide for people in Nookat, Talas, and Uzgon? Yet how much talk there is about the harmful effects and all the rest of it. But they want to use technology which will produce the least harmful effects; they want to pay our tobacco growers well; they want to increase the quality of the tobacco grown; finally, they want to build a cigarette factory which will produce 1.25 billion packs of cigarettes a year. That's at a dollar a pack, as every smoker knows They want world-standard quality. Even at a dollar a pack this will mean a billion dollars a year.

The government has been procrastinating for ages now. I think that the foreign tobacco firms, also will leave and we will be left with nothing. Nothing.

Pardon me, but as Apas Dzhumagulovich has said, no one wants to shoulder the responsibility. You know, excuse me for saying so, but I'd say we look like the lady who wanted to acquire some capital yet remain a virgin.

So let us work like this in future. It concerns the destinies of hundreds of thousands of people.

Now, for example, there was a Japanese businessman who came to Bishkek and wanted to build a five-star hotel and lay out a beautiful Japanese garden. He showed me the project. A pond with goldfish. So how did we receive him? After him, no Japanese businessman will come to work here. They won't. No they won't. Yet neither the city council nor the government raised their voices. What, don't we need direct investments? And he went even further: he wanted to build it here, and he wanted to complete it this year; to build a whole complex in a few months — a five-star hotel, a Japanese garden and goldfish in the pond. And he wanted to start at Issyk-Kul next year. And he would have gone on like that, bringing in Japanese tourists.

I think, Apas Dzhumagulovich, it is high time to make everyone personally responsible, and not in general or overall.

I do not think we will get anything moving this year. We will destroy the economy before we receive the 600 million dollars arriving from the Paris [Club]. The money will not be needed any more. You know, those 608 million Paris dollars [figures as heard] will be like the glow of a distant star — by the time it arrives our economy will already have been destroyed. Even if it was six billion, what would we do with it?

So I think the members of the government must bear personal responsibility. That is what I think, Apas Dzhumagulovich. You must personally work on the preparations for the 1000th anniversary of Manas [a national epic], and not delegate it, because a document exists saying that you personally must do it. I can see that this is what happens: you delegate it to your deputy, the deputy delegates it to his assistant and so on. Let us take an appropriate attitude. You personally will take responsibility.

[Deputy Prime Minister] Osmonakun Ibraimov has his own tasks. Let Osmonakun Ibraimovich travel around the republic and see the tears of mothers who have many children, the tears of old people who receive no pension for several months on end. His area is the social sector, and he must bear personal responsibility for ensuring that we repay our debts to teachers, doctors and pensioners by 1 September. Let the government seek ways of doing this. It can be done; there are many ways of doing it, and work needs to be done on this. Take the schools: for example, we visited a school where they were worried that the first bell announcing autumn term will not ring. If the first bell fails to ring in even one school, then I think that Osmonakun Ibraimovich, you will have to retire.

Next comes industry. We have introduced a special post of deputy prime minister for industry. I have already told you about the state of affairs in industry today. Industry today is collapsing. If, given the performance of the first nine months, we have not solved the problems facing us, I think we will need neither this post nor the deputy prime minister.

Two years ago we called in [Deputy Prime Minister] Dzhumgalbek Amanbayev as an experienced specialist in the area of agriculture. But for a second year we have a disaster in agriculture. Last year we had a harvest 25 percent smaller than the previous year, and this year it is even smaller. I don't know whether we will be able to gather the harvest given such energetic actions by the government.

I think that the deputy prime ministers must be personally responsible for affairs in their sectors. They who are invested with immense powers and are entrusted with the great confidence of the Supreme Council.

I cannot ask Agriculture Minister Bekbulot Talgarbekov, who because of games played by government and parliament has not been confirmed in office for years now. Nevertheless, my trip around the republic showed me that the reforms which Talgarbekov is pursuing are actually taking place. They are happening. However, the position in the agroindustrial complex today is as bad as it could be.

So I think we must make all the deputy ministers personally responsible for the performance over the first nine months. Let it be set down who is responsible for what — the akims are responsible for five criteria. Let them be answerable if anything fails to happen, otherwise what with the government's complacency we will not fulfill the 1995 budget. Yet we must fulfill it, we must; we possess all the conditions and enough resources to do so. We just need to work, solve problems in good time, and not drag things out. [end recording]

Deputy Economy Minister Omaraliyev reported on the second item on the agenda. Appropriate resolutions were adopted on both issues.

New Leader for Erkin Kyrgyzstan Party

LD2806150195 Bishkek KUTBILIM in Kyrgyz 21 Jun 95 p 1

[FBIS Translated Text] Tursunbay Bakir Uulu [name as transliterated], a deputy in the Legislative Assembly, has been elected chairman of the political council of the Erkin Kyrgyzstan [Free Kyrgyzstan] party. The former chairman, Topchubek Turgunaliyev [name as transliterated], resigned from the post of his own accord.

Tajikistan

Foreign Minister Calls Russia Chief Partner, Ally

LD2806195295 Moscow INTERFAX in English 1559 GMT 28 Jun 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] Dushanbe, June 28 (INTERFAX) — Tajik Foreign Minister Talbak Nazarov told INTERFAX in Dushanbe Wednesday [28 June] that his country views Russia as its chief partner and ally, political, economic and military.

In his words, "Russia as a great power must and does have a geopolitical interest in Tajikistan which has a still greater need in a powerful ally."

Nazarov is convinced that "those who wish to destabilize Tajikistan politically and militarily by attacking Russian servicemen will fail in their attempt at having Dushanbe and Moscow quarrel after decades of close relations."

He said that the statement of the CIS peacekeeping force command, saying that the Tajik government and power structures cannot protect the CIS personnel, does not reflect the actual state of affairs and was unduly tough and emotional. The command made it in the wake of the killing of two Russian Air Force officers from the CIS contingent in Dushanbe on June 22.

Nazarov did not rule out the possibility that the Russian servicemen were killed in a drunken brawl. He said that the investigators looked into this possibility as well as that of an act of terror.

Nazarov said it was untrue that none of the murders of Russian servicemen in Tajikistan has been solved. In particular, he said, the criminal group that fired a rocket propelled grenade at a bus carrying Russian border guards in Dushanbe last spring have been detained and will face trial.

Nazarov called for coordination between appropriate bodies of Tajikistan and Russia. In his words, hasty statements, whoever makes them, handicap solution of crimes.

He emphasized, however, that such misunderstandings cannot undermine integration processes between Russia and Tajikistan. They have been and will be cleared up as they arise, Nazarov said.

CIS Peacekeepers Security Complaints Denied

LD2806180895 Moscow ITAR-TASS World Service in Russian 1145 GMT 28 Jun 95

[By ITAR-TASS correspondent Andrey Sidorin]

[FBIS Translated Excerpt] Dushanbe, 28 June — The Tajik Interior Ministry has denied allegations made by the command of the joint peacekeeping forces in Tajikistan of doing nothing and of taking no steps to ensure the security of its servicemen.

At a news-conference today, First Deputy Interior Minister Gennadiy Blinov described as not corresponding to reality claims that none of 28 crimes committed in Tajikistan in the last year against the servicemen of the joint peacekeeping forces and of the Russian Defense Ministry had been solved. [passage omitted]

At the same time, Blinov admitted that there are many shortcomings in the work of the Tajik law enforcement bodies, which could be explained by a lack of professionalism.

He urged the command of the peacekeeping forces to maintain the essential security measures, since Tajikistan is not a peaceful country. It is a country with an armed opposition which will strive to conduct terrorist acts. Their aim is to suppress the morale of the personnel of the CIS troops and of the Russian 201 Division, causing disagreements between the countries participating in the peacekeeping mission.

Terrorist Group Said Headed by Russian Officer

LD2806222595 Moscow ITAR-TASS in English 1755 GMT 28 Jun 95

[By Galina Gridneva]

[FBIS Transcribed Text] DUSHANBE, June 28 (ITAR-TASS) — A deputy Tajik Interior Minister said a terrorist group which was arrested by Tajik special services in Tajikistan last spring was headed by a Russian senior officer.

Speaking at a press conference in Dushanbe on Wednesday [28 June], Major- General Gennadiy Blinov, First Deputy Tajik Interior Minister, said the group was led by Lieutenant-Colonel Sharip Sharipov, 38, who was a deputy commander of the 201st Russian motorised infantry division which is part of the CIS peace-keeping troops stationed in Tajikistan.

According to preliminary investigation, Sharipov's group has been charged with the murder of 12 people, including Russian and Tajik servicemen, as well as attacks on border guards' buses in Dushanbe which resulted in the loss of human lives.

Before his transfer to the 201st division, Sharipov worked at one of the military enlistment offices in Tajikistan. He and his accomplices were arrested in one of the apartments in Dushanbe used for secret meetings. During the search, the police found a large amount of weapons and ammunition, Blinov said.

Tajik law enforcement bodies have arrested several dozen groups of the Tajik armed opposition in the last 18 months. Many of the militants had been trained in Afghanistan and Pakistan, he noted.

The biggest concern of the Tajik Interior Ministry is the Gorno-Badakhshan autonomous region where several small opposition groups continue to operate, Blinov said.

Speaking about crime rate in the republic in general, the deputy minister pointed out that the number of grave crimes involving the use of firearms dropped severalfold in the last 18 months.

He connected this decrease with the continuing disarmament process in the republic. Law enforcement bodies continue to disarm illegal armed groups. A total of 12,000 guns, including 5,000 submachine guns, and 20 armoured vehicles have been confiscated over this period, he said.

Ties Between Russians, Government Said Worsening

LD2806203795 (Clandestine) Voice of Free Tajikistan in Tajik 0300 GMT 28 Jun 95

[FBIS Translated Text] As we have reported, relations between the forces of the regime and the Russians in Tajikistan have deteriorated recently. According to our expert's opinion the latest murders are a result of these relations. We have a report from my colleague Farhod Mu'min.

[Mu'min] The latest murders in Tajikistan have opened a new phase of harshness between the different elements of the regime, both within court circles and outside them. The fact that every murder and attempted murder is the product of internecine conflicts in the regime is clear and obvious to everyone, including the heads of this regime. But for the sake of policy and to evade a settlement of the problem they make accusations out of the side of their mouths against the opposition in these cases and inevitably also threaten certain punishment for the murderers.

This same old tune is being sung again by those who praise Rakhmanov's regime, a regime that is based on democracy, secularism, law — and infantry.

The court media say that after the murder of the two Russian Air Force officers in Dushanbe and the two members of the presidential guard in Kofarnigan, Rakhmanov called in security and interior affairs organizations and severely criticized them. He also said that the slackness and ineffective activity of these two ministries were the main factors increasing the number of murders in the republic.

According to news agency reports, it would appear that all the problems will be solved after these pale threats from Rakhmanov. Actually Rakhmanov himself knows, more than anyone, that the security and interior forces will never try to find the murderers and are not interested in them. Although one cannot say definitely that the forces of the regime played a part in these latest murders, one thing is obvious: they are not mere bystanders in the affair because Interior Ministry personnel have had a particularly significant part in previous murders.

If we look at the history of the murders committed this year and analyze them realistically it is obvious that a harsh underground battle is under way between the forces of the regime and Russian military servicemen in Tajikistan.

For example, after [Interior Minister] Yaqubjon Salimov's militiamen murdered two Russian soldiers near the brick plant in Dushanbe on 10 February this year, on 21 February a Russian soldier shot dead Lieutenant Colonel Ayniddin Qurbonov, a senior employee of the Interior Ministry who was head of the department against organized crime. Two days later, on Red Army Day, a Russian military servicemen's bus was fired on with an antitank grenade launcher in the capital's Ispechak area, leaving one dead and seven injured.

Here is another new example. On the bright day of [word indistinct] two Russian officers, military pilots — 29-year-old Yevgeniy Osipov and 31-year-old Stanislav Egorenko — were going to their base by car. On the way a young man first stopped them quietly and then shot them both dead with a pistol. The young man, who remained unidentified for the security bodies, is considered by Russians to be an employee or at least an agent of the regime's forces. After two days we saw two soldiers from the presidential guard killed by that mysterious young group in Kofarnigan.

Let us examine the factors in this harshness. Russians say: We have brought this regime to power and are also carrying its heavy burden on our backs at present. We are now giving our souls on the border and inside the country in order to protect this unique government, but the homeland forces are living to their content.

However, the homeland forces in turn put forward other claims. They say: we fought for this government, we gave our souls and today too give our souls. But we have not seen, nor do we see better days. We cannot even find bread to feed our children. As for the Russian military servicemen they have many privileges and, most important, they have money. They are doing what they want in our Tajikistan: feasting and drinking alcohol, and as they have money they are able to do this.

All Rakhmanov's leanings toward the Russians and his turning his face away from his own people — that is the Interior Ministry — made the leader [Interior Minister Yaqubjon Salimov] and the [word indistinct] of this ministry an enemy of the Russians' soul. That is why they kill and tear each other apart, skin and torment each other, and so on.

But the gravest condition is that of poor Rakhmanov. He is in a phase of destiny and must reach an accord with one of these two ruling forces and disperse the other, which means, for the president of the regime, to go to meet certain death.

Armenia

Minister's Comments on Economy Criticized

954F2646A Yerevan GOLOS ARMENII in Russian 27 Jun 95 p 2

[Report by Eduard Kazaryan-Novikov, under the "Press Conference" rubric: "Mr. Yegiazaryan's Three 'No's"]

[FBIS Translated Text] A few days ago, a press conference was held in the House of Government—originally planned with the participation of Minister of Finance L. Barkhudaryan and Minister of Economics A. Yegiazaryan. With the minister of finance absent, only Mr. Yegiazaryan was left to fend off the mass media's questions.

From the minister of economics' remarks, we learned that on 21 June a meeting was held between members of the government and representatives of the International Monetary Fund (IMF). Programs and plans for the social and economic development of Armenia were reviewed, as well as the possibility of their financing and receiving a new "stand-by" credit from the IMF. Previous obligations on the earlier credits issued to the RA [Republic of Armenia] Central Bank were discharged on time. These programs are being treated as the foundation for future IMF credits.

In turn, the World Bank (WB) adopted a document on a three-tier credit for the republic. An audit has begun on the utilization of the rehabilitation credit issued earlier and work on financing the top (maximum) level. It includes municipal and social programs, the program of development and restoration of the earthquake zone, agriculture, and the power generation sector. The WB pays particular attention to the RA financial system and investment in small- and medium-sized business. An investment corporation for the private sector of the Armenian economy will be set up, and the investment program will be approved as early as in September of this year.

In turn, the Ministry of Economics has already developed a three-year plan and has begun working on the five-year plan of development of Armenia's economy and social sphere. They envisage, in particular, increasing the minimum wage fivefold, and real wages rising to above 4,500 drams a month. We will learn about this in more detail from relevant documents.

To the question whether the IMF has become for Armenia another "USSR State Planning Commission" of years past, Mr. Yegiazaryan replied that Armenia and its economy have found themselves in an extraordinary crisis comparable perhaps only to the devastation in Russia from 1917 to 1922. The IMF role, however, is to assist in the transition to market relations. And the use of available credit is in line with international standards. Russia and Moldova already are using "stand-by" credit. Armenia was in the past refused this type of credit because of the events in Karabakh. Now the only IMF condition for issuing the credit is acceleration of privatization.

To the question whether the "intersectoral balance method" was used and whether the new sectoral structure for the state and private sectors of the economy, in particular for agriculture, have been worked out, the answer was negative. Neither will the domestic market and national producers be protected from the aggression of similar imported products. A free trade treaty has been signed, but the Customs Union with CIS countries was not. Anything can be imported or exported. By the way, on the subject of export of ferrous and nonferrous metal scrap, Mr. Yegiazaryan cited the absence of processing enterprises and the fact that metal scrap has a useful life of 10 years.

All these three "no's" do not hold water, because the "intersectoral balance method" has been used in the United States since the 1940's, and later in other, less developed, countries with market economies. Each country protects its market until national goods become competitive. As to smelting scrap into rolled metal, domestic smelting and foundry production facilities are quite capable of handling it. All one needs is the know-how and the desire to do this.

As it turned out, wages in the state sector and those of state employees will be raised through personnel cutbacks—20 percent, and by utilizing the credit—80 percent.

No clear answer was given to the question regarding arbitrary raising of tariffs by state enterprises, in particular, for the use of radio relay communications. The same may be said regarding financing of scientific subjects.

As to the JMZ Bank's managers, who received the maximum penalty (12 and eight years)—in keeping with the "Soviet" law—this, as Mr. Yegiazaryan said, in not within the competence of the government.

In the end of such an informative press conference, correspondents thanked government representatives and went back to their offices. We did not receive any concrete documents, prospectuses, or figures. We did have a nice chat, though....

Opposition Pre-Election Rally Detailed

NC2906091995 Yerevan NOYAN TAPAN in English 1434 GMT 28 Jun 95

[FBIS Transcribed Text] 28/06/95 NOYAN TAPAN—On June 27, a regular pre-election rally of the opposition parties took place at the Yerevan Liberty Square. 8,000 people participated in the rally. Baghdasaryan (National Progress), Hayrikyan (UNSD-Ch), Muradyan ("Zharang"), Melkumyan (NDU) and others made speeches at the rally. Karabakh Supreme Council's decrees on decorating a group of participant's of Shusha's liberation with orders and medals were cited. However, some of these people are kept in custody, waiting for the hearing of the case of the "Dro" organization. The speakers reported some more violations of the law by the Central Electoral Commission [CEC]. Besides, it became known that the police of the Hrazdan region prohibited running a pre-election rally by NDU in Charentsavan. Some deputies and members of the Armenian Parliament's Presidium were also among the organizers of the rally.

During his speech Baghdasaryan warned those present of the fact that on the instructions of CEC Chairman Gagik Jangiryan bulletins for referendum on the Constitution were published. According to Baghdasaryan, the word "no" is already crossed out of bulletins and the word "yes" is left.

It was also announced that consultations are held among opposition representatives in order to leave 1 candidate from the opposition in each majority precinct. The next rally of the unified opposition is scheduled for June 30.

Azerbaijan

President Aliyev Begins Visit to Bulgaria

LD2906105395 Moscow ITAR-TASS in English 0938 GMT 29 Jun 95

[By Vladimir Abrosimov]

[FBIS Transcribed Text] SOFIA June 29 (ITAR-TASS) — President Geydar Aliyev of Azerbaijan arrived for a two-day official visit in Bulgaria today. Following an official welcoming ceremony at the "Boyan" residence, Geydar Aliyev and Bulgarian head of state Zhelyu Zhelev began an eye-to-eye meeting which will end in exchanging opinions in an enlarged composition.

Then the signing of a package of documents, which will lay down a legal basis for developing relations between the two countries in different fields, will be signed in the afternoon.

The Treaty on friendly realations and cooperation between Bulgaria and Azerbaijan will be the main of them.

State Adviser Guliyev on Karabakh 'Special Status'

NC2806150295 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1250 GMT 28 Jun 95

[FBIS Translated Text] Vafa Guluzade, state adviser for foreign affairs, said a major step toward peace and ending the Nagorno-Karabakh conflict has been taken at the Azerbaijani-Armenian talks in Helsinki. The bilateral talks, held under OSCE auspices, were very useful and principled agreements were reached on previously disputed issues. Adding that he can now categorically say signing a major political agreement is not far-off, Vafa Guluzade said Azerbaijan's honest position on the Lachin and Shusha problems have now been accounted for and the disputed issues will be solved simultaneously. He further stated that Nagorno-Karabakh will be given special status within Azerbaijan and that the conflict should be solved so that neither of the sides feel like the winner or the loser; the agreement should satisfy both sides. Presently, a solid foundation has been created for solving the problem is this manner.

Investigation Into Former Security Minister Completed

LD2806154095 Moscow INTERFAX in English 1416 GMT 28 Jun 95

[FBIS Transcribed Text] BAKU, June 28 (INTERFAX) — The investigation into the case of the republic's former national security minister Nariman Imranov, who is accused of organizing the escape from prison of four "especially dangerous state criminals," headed by former defense minister Ragim Gaziyev, has been concluded.

The message of Azerbaijan's General Prosecutor's Office, distributed in Baku Wednesday, says that all investigation materials have been handed over to the republic's Supreme Court for consideration and trial.

Imranov, who was fired by a decree of President Geydar Aliyev immediately after the escape, was arrested a month ago.

The case on the escape concerns four former employees of the National Security Ministry, including an officer from the prison concerned [a prison only for those awaiting trial].

According to Baku, this escape is one of the links in the coordinated actions of "external forces" aimed against the independent Azerbaijani state.

Georgia

Yakushev: Peacekeepers Have No 'Policing' Duties

LD2806205195 Tbilisi IBERIA in Georgian 1300 GMT 28 Jun 95

[FBIS Translated Text] Tbilisi, 28 Jun — According to the press center of the Council of Ministers of the Autonomous Republic of Abkhazia, intensive talks have been going on for several days in Zugdidi between the Georgian side and General [Vasiliy] Yakushev, commander of Russian peacekeepers in the Georgian-Abkhaz conflict zone. General Yakushev's position remains virtually unchanged: He states categorically that the Russian peacekeeping forces' mandate in the conflict zone does not give them the right to interfere in the affairs of the local administration and does not entrust them with carrying out policing duties. General Yakushev says that he cannot guarantee the safety of returning Georgian refugees or interfere with the activity of the local administration and its law-enforcement bodies.

Abkhazian Security Chief: Basayev Not in Abkhazia

LD2806141095 Moscow Radiostantsiya Ekho Moskvy in Russian 1200 GMT 28 Jun 95

[FBIS Translated Text] Astamir Tarba, chairman of the Abkhazian security service, denied some mass media reports that Basayev, the head of the terrorists, is now in Abkhazia. Tarba said this is a provocation caused by the Georgian political leadership. The aim of such pronouncements is to force Russia to take radical steps in Abkhazia, Tarba said.

Abkhaz Authorities Back Refugees' Parliament Protest

LD2806204595 Tbilisi CONTACT INFORMATION AGENCY in Russian 1222 GMT 28 Jun 95

[FBIS Translated Text] The Supreme Council and Council of Ministers of the Autonomous Republic of Abkhazia have supported the indefinite protest by refugees that started outside the Georgian Parliament today. According to a special resolution adopted in this connection, the restoration of Georgian jurisdiction on the whole territory of Abkhazia and the safe return of refugees to their homes without any preconditions are the main tasks of the leadership of the Autonomous Republic of Abkhazia, which from now on will take a firm stance in dealing with the sides involved in the conflict settlement process.

Turkey Promises To Halt Abkhazia Arms Shipment

AU2806140795 Tbilisi REZONANSI in Georgian 22-23 Jun 95 p 2

[Report by Akaki Gogichaishvili: "Turkey Will Block the Shipment of Weapons and Volunteers to Abkhazia"]

[FBIS Translated Text] On 20 June, a press conference was held in the Ministry of Foreign Affairs at which the results of [Foreign Minister] Aleksandr Chikvaidze's official visit to Turkey were reviewed. As was pointed out at the press conference, the fact that weapons and Turks of Abkhazian origin were being shipped from Turkey to Abkhazia gave rise to an argument at the meeting between Chikvaidze and Turkey's Foreign Minister Erdal Inonu. As is known, for some time now, two ships under Russian and Abkhazian flags have been sailing regularly between the ports of Sukhumi and Trebizond. In connection with this fact, the Georgian Ministry of Foreign Affairs has repeatedly presented protest notes to the Turkish side but to no avail. Erdal Inonu explained that, if Georgia was aiming to establish democracy, the demand to impose an embargo on Abkhazia was unjustified. According to him, it is necessary to settle the Abkhazian conflict using political methods.

Aleksandr Chikvaidze informed the Turkish foreign minister that Georgia had been trying in vain for some time now to settle the conflict through political negotiations. He also cited concrete facts of genocide of Georgians in Abkhazia. Finally, he pointed out that the ships were transporting only weapons, narcotics, and fighters. At the end of their conversation on this subject, Erdal Inonu promised that shipping communications would be halted between Turkey and Abkhazia.

Regarding the current events in Chechnya, Inonu stated that Turkey supported Russia's territorial integrity, but was categorically opposed to the use of force in settling the conflict.

In their discussion on the expansion of NATO, Chikvaidze pointed out that vigilance and restraint were necessary in order not to provoke an armed and, to this extent, dangerous Russia too much.

Last Armed Gamsakhurdia Supporters Make Peace

LD2806151295 Tbilisi IPRINDA in Russian 1300 GMT 28 Jun 95

[FBIS Translated Text] Tbilisi, 28 June — In an interview with an IPRINDA correspondent on 28 June, the head of the press center of the Georgian Ministry of Internal Affairs, Col Valerian Gogolashvili, said that the Georgian minister of internal affairs, Lt-Gen Shota Kviraia, and the commander of an armed unit of supporters of the former president, Akaki Eliava, had met on 27 June at a designated place in the western Georgian town of Senaki. During the talks, agreement was reached that this unit (which is the last big and organized Zviadist unit, with about 100 fighters) with all its weapons would voluntarily join the country's internal troops. An order has already been prepared appointing Eliava as deputy commander of an internal troops battalion based in western Georgia.

Eliava said that he generally supported the course of events in the country. He explained his decision to join the internal troops by saying that he wanted to fight the criminal world. (It must be noted that throughout his unit's stay in the woods of western Georgia, there have been no reports of any criminal activity on its part.) The criminal record of all fighters in Eliava's unit will be checked. In this connection, the commander of Georgian internal troops, Gia Toradze, and personnel officers will visit western Georgia.

Possible Motives Behind Khabeishvili Murder Reported

AU2806134895 Tbilisi REZONANSI in Georgian 22-23 Jun 95 p 1

[Report by Shota Zhorzholiani: "Terror Knows No Mercy"]

[FBIS Translated Excerpt] The murder of Soliko Khabeishvili, head of the "Democracy and Restoration" Fund, otherwise known as the Shevardnadze Fund, is qualitatively a continuation of those terrorist acts about whose abundance contemporary Georgia really "boasts." Khabeishvili's murder bears a striking resemblance to the terrorist act committed against Giorgi Chanturia [National- Democratic Party chairman] on 3 December [in Tbilisi].

Although it occurred only very recently, several versions have been circulated as to why Shevardnadze's closest associate was killed.

The motive that emerged from the start was that the murder was organized by extortionists or mafia clans. This version is not without foundation insofar as the fund headed by Khabeishvili had fairly large assets. It is also known from unofficial sources that a particularly large amount of money was recently deposited in the fund, part of which was to be used to finance Shevardnadze's and his supporters' election campaign. This gives rise to the second motive: Anti-Shevardnadze forces got rid of Khabeishvili as the man who was judiciously spending these funds. [passage omitted]

On his return from Israel, Shevardnadze ascribed Khabeishvili's murder to those mafia forces who "know how to fish in troubled waters."

Estonia

Meri Addresses EU Summit, Urges Peace Mediator

WS2906092295 Tallinn BNS in English
1900 GMT 28 Jun 95

[FBIS Transcribed Text] Tallinn, Jun 28, BNS — Estonian President Lennart Meri, speaking to leaders of the European Union in Cannes on Tuesday [27 June], suggested that the EU should send a peace mediator to Chechnya just like the union has done in the Bosnia conflict.

"Not only Bosnia, but also the crisis in Chechnya is producing instability in Europe," the foreign ministry press office in Tallinn quoted Meri as saying.

Speaking about developments in Russia, the Estonian leader said EU should stand firm on its principles. He told the leaders of 26 European nations over a dinner that the EU should strictly avoid leaving Moscow the impression that it has free hands to resolve conflicts the way it wishes.

Meri's participation in the meeting of the leaders of 15 EU member states and the union's 11 associate nations marked the first time that Estonia was invited to a EU summit.

Speaking at a working meeting under the summit later on Tuesday, Meri said that never before during its 5,000-year history had Estonia had so close links with Western Europe.

Meri announced that the Estonian government earlier in the same day had put the Europe Agreement, an association accord signed between Estonia and the EU on June 12, to the parliament for ratification.

The Estonian leader stopped at some length on preparations for a EU intergovernmental conference, due next year, at which the topic of expansion of the union and the role of small nations are to be discussed.

The president said Estonia was aware of the political, economic and social requirements that prospective EU members had to meet and that the country was firm in its intention to seek EU full membership.

Estonian Foreign Minister Riivo Sinijarv under the EU summit in Cannes had a dinner together with his counterparts from the EU and associate nations. Sinijarv's remarks were focused on the security political aspects of Estonia's integration with the EU, NATO and the Western European Union.

Participation in EU Summit Deemed 'Historic Event'

WS2906091695 Tallinn ETA in English
1901 GMT 28 Jun 95

["News Release"]

[FBIS Transcribed Text] The summit of European Union leaders in Cannes that lasted from June 26 to 27 was a historic event for Estonia which for the first time was invited to a EU summit, Estonian Foreign Ministry [FM] press service said in a statement on Wednesday [28 June].

Of the two days June 27 was especially important for Estonia when the joint dinner of all heads of state and governments and the working meeting of 15 EU member states and 11 visiting states took place. At the dinner, the central topics of which were issues of European security, Estonian President Lennart Meri made a speech. Meri said that not only Bosnian but also Chechen crisis "produced" instability in Europe and welcomed Carl Bildt's mandate as a peace mediator in Bosnia, making a proposition to grant someone a similar mandate in Chechnya, FM said.

Discussing developments in Russia, Meri advised EU to remain unfaltered in its principles and relations with Russia. Meri warned EU that it should not give wrong signals to Russia as if it had free hands to solve conflicts, FM said.

At the working meeting of heads of state and governments in the afternoon Meri spoke of Estonia's preparations to join EU. Meri stated that never earlier in her 5,000-year history has Estonia been connected with Western Europe so closely and in so different levels as now, which is also testified by the Europe agreement concluded between Estonia and EU. Meri announced that Estonian government had presented the agreement to Riigikogu [parliament] for ratification on Tuesday and expressed hope that EU member states would ratify the agreement already in the nearest future.

Meri also dwelt upon the 1996 EU inter-governmental conference where the issues of EU enlargement and role of small states in Europe will be discussed.

Meri stated that the "white paper" approved in Cannes would be a good guide for Estonia in preparations for joining EU internal market and added that our own legislation has to be in order before negotiations to become a EU full member are started. He confirmed that Estonia is aware of all political, economic and social obligations that accompany this, but will hold on to the course of joining EU.

Estonian Foreign Minister Riivo Sinijarv participated yesterday at the dinner for foreign ministers who arrived at the summit where he made a speech on security policy aspects of Estonia's integration to EU, NATO and WEU [Western European Union].

Russia Completes Unilateral Demarcation of Border

WS2906091795 Tallinn ETA in English
0727 GMT 29 Jun 95

[From June 29 POSTIMEES p. 1; "News Bulletin" No. 127]

[FBIS Transcribed Text] Russia has completed the unilateral marking of the border with Estonia. The last five border buoys were placed in the Narva Reservoir yesterday, Chief-of-staff of border guard Ida-Viru region Roland Peets said.

The Russian Baltic Fleet hydrography service reported Chief-of- staff Vice Admiral Vladimir Kuroyedov of the completion. They claimed that all he Russian moves had been coordinated with the Estonian side. The Russian border marking has been carried out without an agreement on state borders and in violation of the Tartu Peace Treaty.

Latvia

Gailis Addresses Council of Europe on Russia

WS2806141895 Tallinn BNS in English
1244 GMT 28 Jun 95

[FBIS Transcribed Text] Strasbourg, Jun 28, BNS — If Russia settled the issue of the illegal presence of its demobilized officers in Latvia, it would serve as a substantial evidence to its readiness for being accepted to the Council of Europe [CE], said Latvian Prime Minister Maris Gailis.

Around 12,000 military persons and their family members still have to leave Latvia under bilateral treaties, Gailis told the Council of Europe Parliamentary Assembly Tuesday.

Gailis said he hoped that the problem will be resolved on the basis of international treaties because Russia agrees to accept the officers.

Russia wants to resume the process of entering into the CE after warfare in Chechnya was ended on June 19, Russian delegates to the meeting said at a press conference.

Russia's entrance procedures were suspended in January in view of the Chechen events.

"The current developments in Russia show that still greater common effort is needed to enable Russia join the European Human Rights Convention and practically ensure human rights of all residents, including ethnic minorities," Gailis said.

"The CE sets high criteria for acceptance. Latvia expects that these requirements are lowered for no countries," he noted.

Gailis described the Latvian-Russian relations as "normal enough" but added that "we can always hope for the better." The growing trade volume and oil transit form "a good basis for further relations with Russia," he said.

On the other hand, Latvia is still waiting for a visit of Russian leaders who were invited in the beginning of 1994, the prime minister added.

The Russian delegation ignored both the address of the Latvian premier and the following debate as it was not present in the hall.

Russian Communist leader Gennadiy Zyuganov, however, claimed at a press conference that the Baltic states cannot last without Russia because they lack "any nature resources but sand and poor (quality) forest."

Russia is unlikely to be accepted to the CE this year, said its President Miguel Angel Martinez. The first former Soviet republic to joint the organization after the Baltic states was Moldova which was enrolled on Tuesday.

Assesses Council of Europe Session

LD2806225595 Riga Radio Riga Network in Latvian
1700 GMT 28 Jun 95

[FBIS Translated Text] Both the state president and the prime minister returned from France today. President Guntis Ulmanis took part in the European Union summit meeting in Cannes, to which the Latvian head of state had been invited for the first time.

Prime Minister Maris Gailis for his part addressed a session of the Parliamentary Assembly of the Council of Europe in Strasbourg. At the airport, the prime minister stressed to reporters that Latvia with its legislation in the sphere of human rights has left several European countries behind.

[Begin Gailis recording] I had the opportunity to say that Latvia — of course, taking into account recommendations of the Council of Europe made before we were admitted to that international European organization — had, to a certain extent, left behind member states of the Council of Europe, which had already been admitted to it before.

I also had the opportunity to say that as a neighboring state, we understood Russia's desire to become a member of the Council of Europe, but it still had to do quite a lot in the sphere of human rights for its norms to comply with the standards set by the Council of Europe.

Support has also been expressed for Ukraine, which is moving in a normal way in the direction of the Council of Europe, it could be said. It should also be said that reports were made to the Council of Europe about Belarus that were not particularly desirable for that country. [end recording]

NATO Commander Comments on Arrival in Riga

LD2806141195 Riga Radio Riga Network in Latvian 1300 GMT 28 Jun 95

[FBIS Translated Text] General George Joulwan, NATO's supreme allied commander Europe, arrived in Riga an hour ago on a three-day visit. He was met at Riga airport by the leadership of the staff battalion of the National Armed Forces:

[Begin Joulwan recording, in English fading into Latvian translation] It is a great honor for me to visit Latvia for the first time. I arrived here not only as a representative of NATO forces; I want to become more closely acquainted with Latvian state and military structures and discuss many important issues with leaders of these structures — mainly, the cooperation program Partnership for Peace. I think that what has so far been achieved together within such a short time can be assessed as a job very well done. [end recording]

Lithuania

Brazauskas on Prospects for Integration With EU

LD2806195095 Moscow INTERFAX in English 1508 GMT 28 Jun 95

[By Nikolay Zherebtsov and Andrey Petrovskiy and edited by Vladimir Shishlin; from the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] The consistent and rational policy pursued by the Lithuanian leaders is "acceptable" for the West, President Brazauskas told a press conference on the results of the EU's Cannes summit on Wednesday.

He said that Lithuania's advancement to the EU, NATO, the Western-European Union and other European bodies will be faster if the current policies are pursued in the future.

In his opinion, Lithuania's integration with the European Union up to the acquisition of the status of a full member, "completely depends on Lithuania itself." (Lithuania concluded an agreement on associated membership with the European Union on June 12, 1995.) He said Lithuania might become the EU's full member within five years, if economic and other reforms are implemented and laws perfected to the European standards, or last for 15 or even more years if no progress is made or the achievements already accomplished are undermined.

He also announced that in Cannes he had spoken about Lithuania's relations with Russia. "Relations with Russia are more or less normal, not critical," he said. He noted, however, that Lithuania must response rigorously to the recent violations of its air space by Russian military planes."

Parliament Approves Law on Free Economic Zones

WS2906091895 Tallinn BNS in English 1900 GMT 28 Jun 95

[FBIS Transcribed Text] Vilnius, Jun 28, BNS — The Lithuanian parliament passed a Law on Free Economic Zones (FEZ) Wednesday [28 June].

By open ballot, 50 members of parliament voted for, 27 against the law, and 9 abstained.

The FEZ law provides for privileges in the payment of the Tax on Land, Value Added Tax, Profit Tax, and other privileges. The FEZ law is to be signed into force by the Lithuanian president.

A separate clause in the law provides for privileges in paying tariff rates. Goods brought to or out of FEZ are beyond the limits of Lithuania's customs territory and will not be charged with import customs duties and fees, or face any other economic restrictions in this respect. However, the import-export procedures remain intact for goods imported/exported to/from FEZ, just as in the case of the whole Lithuania.

Companies and their employees in FEZ will have to pay the Juridical Persons' Tax, the Natural Persons' Tax, the Tax of Land Rent, the Tax for Damage to Environment and Natural Resources, and Compulsory Social Insurance payments.

FEZ law regulates the order and conditions of FEZ establishment, functioning and termination in Lithuania. It also describes the legal status of economic subjects functioning within FEZ.

The former Zokniai military airfield near Siauliai, Lithuania's fourth biggest city, and the seaport Klaipeda have cherished FEZ prospects for a long time and have by now done most of the preparatory work for setting up FEZs on their territories.

The FEZ law bans any economic-commercial activities in FEZ related to state security and defence; production or trade of weapons, ammunition and explosives;

production, processing, storing, and elimination of hazardous, radioactive and narcotic substances; production of alcoholic drinks, tobacco and securities; establishment and running of gambling houses.

Meanwhile, the state guarantees to the FEZ economic subjects the right of unlimited import/export to/from both FEZ and Lithuania, of capital and profit. Foreign entities and individuals are guaranteed the right to hold 100 percent of the stock of any FEZ company.

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